# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Jordan rejects peace efforts

...dan yesterday rejected U.S. ...rts to turn Israel and ...pt's peace treaty into a ...prehensive Middle East ...ement.

...dan's Crown Prince Hassan, ... to the throne and King ...ein's closest adviser, indi... strongly that his country ...d not support U.S. efforts ...art talks on the future of ...occupied West Bank, and ...the peace treaty contained ...seeds of possible upheaval ...ughout the Arab world.

...e Prince's statement came ...King Hussein met Saudi ...ian leaders to discuss action ...Arab states who oppose a ...rate treaty.
...k and Page 4.

### ...ow chaos

...y brought chaotic driving ...itions to the north of ...and, north Wales and Scot... Up to four inches fell in ...and, and many minor roads ...ughout the north were ...ted.

### ...lice shooting

...e yesterday defended their ...ting of gunman Paul Howe, ...fter his all-night siege with ...tage in a pub near Harwich.

### ...n fighting

...y fighting continued ...een Kurdish rebels and the ...army in Sanandaj near the ...er with Iraq, as religious ...er Ayatollah Khomeini sent ...esentatives to the town in a ...to secure peace.
...r Iran news, Page 4

### ...noi ultimatum

...nam said it would exercise "legitimate right of self ...nce" if China failed to with... all its troops within a ... It claims 10,000 Chinese ...ers are still in its territory.

### ...w 'too dear'

British legal system is too ...y and needs simplifying, ...Goodman told the Royal ...mission on Legal Services. ...favoured the fusion of ...itors and barristers into one ...ession to cut costs and, ...ibly, court time.

### ...obe demanded

...rals are demanding an ...uiry into how a man who ...nded to stand for the ...onal Front in the Edge Hill ...election was instead ...inated unknown to himself ...Gay Liberal candidate.

### ...bies action

...on is needed to control ...y dogs and prevent a ...edy should rabies get across ...Channel into the UK, the ...PCA says. The association ... calls for a Government ...ister to be given respon...ility for animal welfare.

### ...ner dies

...iner injured in the colliery ...losion at Golborne, Greater ...nchester, on Sunday, died in ...pital yesterday, bringing the ...th toll to four. He was ...mond Edwards, 44, of ...gan.

### ...iefly ...

...mother, four of her 10 ...ldren and their 93-year-old ...ndfather died in a fire in ...ir south-west Ireland farm ...tage.

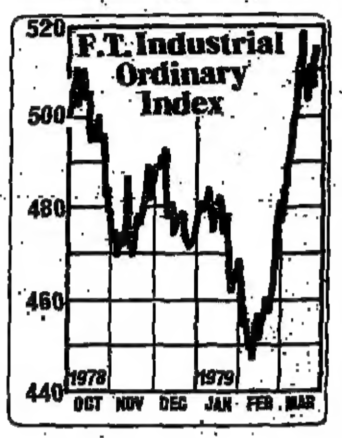
...position leader Margaret ...atcher confirmed that she ...uld like hanging brought ...k for certain kinds of ...rder.

...ads have been born at ...thampton General Hospital, ...d all are doing well.

### BUSINESS

## Equities up 10; Gold falls $2\frac{1}{2}$

● EQUITIES closed at their strongest, after speculation of an early General Election




sparked an upturn in the afternoon. The FT ordinary index rose 10.2 to 515.8, within 20 points of the 1978/79 high.

● GILTS were unsettled and profit-taking by domestic holders erased early gains. The Government Securities index closed 0.02 down at 72.54.

● STERLING fell 10 points to $2.0315, as the dollar improved. The pound's trade-weighted index remained unchanged at 64.9. The dollar's depreciation was 8.5 per cent (8.4).

● GOLD lost $2¼ to $240¾ in London.

● WALL STREET was 1.12 down at 849.19 just before the close.

● NATIONAL Enterprise Board failed last year to raise its ... of return on capital employed above the 1977 level of 11.4 per cent, board chairman Sir Leslie Murphy said. This meant that a "substantial" improvement would have to be made in the next two years to meet Government targets. Back Page

● French motor manufacturers, Renault and PSA Peugeot-Citreon, have appealed to the French government against what they regard as preferential treatment for the proposed new Ford assembly plant in northern France. The companies believe the government is prepared to offer three times as much in aid for the project as it has offered the two French companies for factory development. Back Page

● PRESIDENT CARTER is being urged by his advisers to act to persuade employers and unions to use more restraint in wage talks. The U.S. union leader, George Meany, has accused U.S. companies of "price gouging," and warned that unless there were controls on prices and profits, unions could not be expected to show restraint. Back Page

● ENGINEERING union leaders have rejected a pay offer of up to £5 a week on basic rates.

● TEXACO has arranged a $400m loan through a consortium of U.S. and UK banks to finance the development of the North Sea Tartan Field. Page 6

### COMPANIES

● TUBE INVESTMENTS the UK-based steel, aluminium and engineering group, lifted pretax profits by 19.6 per cent to £80m in 1978. Page 24 and Lex

● THOMAS TILLING transport group pretax profits rose 20 per cent to £64.9m (£53.9m) in 1978, with new interests contributing £2.8m. Page 24 and Lex

● ARTHUR BELL, the Scotch whisky distilling group, reports pretax profits for the half year to December 31 up from £7.77m to £8.67m on sales up from £86.23m to £109.92m. Page 26

### TV broadcast tonight as markets are unsettled

# Callaghan prepares final bid to stave off censure debate

BY RICHARD EVANS, LOBBY EDITOR

**The Prime Minister is to make a last attempt today to avoid a censure debate in the Commons before Easter that might precipitate an early general election.**

Mr. Callaghan has decided to make a Ministerial broadcast on television tonight to explain to the nation the crucial statement on devolution that he will have made to MPs in the afternoon.

He will argue that the nation as a whole will face severe constitutional and political difficulties if Parliament kills off the Scotland Act before there is time to find a workable alternative

The broadcast, the announcement of which completely surprised MPs, will seek to make the Conservatives and the nationalists appear unreasonable and partisan if they threaten utterly to reject the Government's offer of all-party talks on devolution after the inconclusive result in the Scottish referendum.

The indications at Westminster last night, after a flurry of last-minute activity among the minority parties and devolution supporters and opponents, were that the nationalists intended to adhere to their intentions.

They have said that they will table a motion of no confidence in the Government if the Prime Minister fails to announce a firm date before Easter for a devolution debate and vote.

The key question will be whether the 11 Scottish National MPs, who have a censure motion on paper and signed, accept a delay of a few weeks for talks.

Their decision will be critical. Mrs. Margaret Thatcher, the Conservative leader, will make no move to try to oust the Government until she is certain of support from both nationalist parties and the Liberals.

If Mr. Callaghan's gamble succeeds and there is no censure vote before the Budget on April 3, the Government will be safely into the Easter recess and there will then be the option of a June 7 election.

Mrs. Thatcher's attitude will be uncompromising. She will in no circumstances agree to all-party talks until Parliament decides on the Scotland Act.

The Tory leader will have the right of reply to the Ministerial broadcast tomorrow, when she is expected to accuse the Prime Minister of playing every trick in the book to retain power. She will regard any delay as stalling in an attempt to gain party advantage.

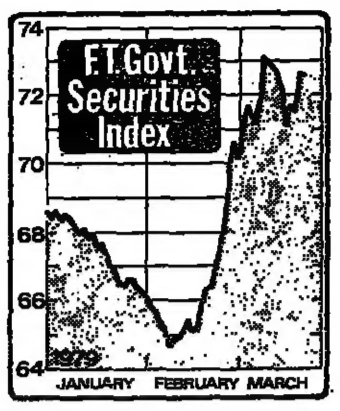
Should the minority parties support the Conservatives in an early censure move, the Government's life would depend on the 12 Ulster MPs, and the prospects for Mr. Callaghan do not look good.

The two who usually support the Government—Mr. Gerry Fitt and Mr. Frank Maguire—will probably abstain because of their hostility to the Government's Bill increasing the number of Northern Ireland seats at Westminster.

Five of the remainder say that they intend to support a motion of no confidence in the Government. To be sure of success, Mr. Callaghan would need the votes of the final five. It would not be enough for them to abstain.

There seems very little chance that Mr. Enoch Powell, who might be tempted to vote with the Government, will be able to persuade the other four to follow him.

Editorial comment Page 22




# Doubts over gilts issue

By Peter Riddell, Economics Correspondent

THE PROSPECTS of a full subscription at this morning's first offer by tender of £800m of gilt-edged stock became more uncertain yesterday afternoon. Both gilt prices and sterling fell as markets became nervous about the UK political situation.

Conditions are, however, extremely volatile and some institutional investors appeared to be leaving a final decision until this morning, just before tenders have to be submitted at 10 am.

The indications last night were that bids would be for fairly small amounts and not far above the minimum price of £97.50 per £100 nominal of stock. Last night, the yield on the new stock at the minimum price was slightly higher than returns on comparable existing issues.

One complication which makes the outcome less predetable is that brokers and institutions, as well as the Bank of England, have no experience of tenders in the gilt-edged market.

If the issue is oversubscribed all stock will be allotted at the market clearing price. Otherwise the stock will be sold at the minimum tender price an dthe balance will be operated as a tap by the Government Broker.

The main cause of the market's nervousness last night was the news about the Prime Minister's broadcast this evening and the possibility that the new issue might not be fully subscribed.

Consequently, gilts closed unchanged, after initial rises

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Lex Back Page

**£ in New York**

| — | March 20 | Previous |
|---|---|---|
| Spot | $2.0290-0300 | $2.0240-0245 |
| 1 month | 0.38-0.33 dis | 0.42-0.37 dis |
| 3 months | 0.71-0.66 dis | 0.85-0.80 dis |
| 12 months | 2.45-2.25 dis | 2.65-2.45 dis |

# Unions claim 30,000 civil servants strike

BY PHILIP BASSETT AND RAY PERMAN

CIVIL SERVANTS throughout Scotland and in many areas of England and Wales went on strike yesterday in protest at the Scottish Office's suspension of 39 clerical staff.

The unions estimated that 30,000 members of the Civil and Public Services Association and the Society of Civil and Public Servants in Scotland walked out, although the Civil Service Department put the figure closer to 20,000.

The unions, representing mainly clerical and executive grades, estimated that three-fifths of their members in England and Wales had walked out in support, closing many employment and social security offices.

Customs officials were almost all out, the unions said, and the Driver and Vehicle Licensing Centre at Swansea, the Department of Health and Social Security computer at Newcastle, its computer centre at Reading, and an Inland Revenue computer were stopped.

Staff at the Equal Opportunities Commission, prison administrators at Bristol, Manchester and Walton in Liverpool also came out. Strikes by passport officials at Heathrow Airport caused long queues of passengers, and delayed flights.

Since many staff in England acted after lunchtime meetings, Government Departments maintained that the full effects of the action would not become clear until today.

The Civil Service Department said that the heavy snowfall in Scotland prevented many staff from attending work. Union officials discounted that.

Union officials said that a further 14 Scottish Office staff have been given notice that they will be suspended tomorrow if they, too, continue to refuse to take on work normally done by staff who are striking over pay, and that 60 more have been warned that they might be suspended for the same reason.

The stoppages will delay handling of pension and social security payments, but the effects might get worse if some centres, such as the Newcastle computer, where staff struck for 48 hours at midnight, extend the action.

Union leaders have said that it has ben difficult to restrain certain more militant centres and that, with action taken, it might be difficult to keep control of the campaign of selective strikes.

Lord Peart, Lord Privy Seal, said that the strikes did not help towards a pay settlement for 600,000 civil servants. Substantive negotiations were to begin on Monday.

On the suspensions he said: "If civil servants refuse to do work proper to their grades, why should they be allowed to cause disruption and still get paid at the taxpayer's expense?"

Mr. Gerry Gillman, general secretary of the society, said that the two unions would sue the Scottish Office for recovery of pay lost by the suspensions.

● The Government is to be asked by the Confederation of British Industry to allow payments due from companies to the Inland Revenue and the Customs and Excise to be offset against value-added tax refunds held up by the dispute.

Teachers reject 8 per cent Page 9

# Government intervenes over steel pay arbitration

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT has intervened in an attempt by the largest steel union to take its pay claim to arbitration.

At a meeting yesterday of British Steel Corporation officials, Iron and Steel Trades Confederation representatives and officials of the Advisory, Conciliation and Arbitration Service, the corporation told the union it had had a letter from the Government making it clear that whatever settlement was reached through arbitration it would have to be vetted by the Government against its pay guidelines.

Pressure on the ISTC to reach a quick settlement, though, is likely to be increased by a pay agreement reached yesterday between BSC and the National Union of Blastfurnacemen on an award in line with that rejected by the ISTC.

The agreement, covering 10,000 production and maintainance workers, gives increases of 8 per cent, with productivity conditions, and 1½ days extra holiday. The package is estimated to be worth 9 per cent, and will be backdated to January 1.

And in the light of the Government intervention it was agreed at ACAS not to press the ISTC's arbitration request but to have further joint talks.

The Government's surprise intervention, which came despite the willingness of the corporation to allow the claim to go to arbitration, indicates that Ministers are determined to take a firm line on public sector settlements and to hold the general level to the offers accepted by the local authority workers and put to the health service manual workers and ambulancemen.

ACAS felt unable to act on the union's first request for arbitration on the corporation's original 5 per cent offer since there was no deadlock or dispute over the talks and intervention would place it in an embarrassing position in relation to Government incomes policy.

When the corporation refused to improve its pay-and-holidays offer of 9 per cent in reply to the ISTC claim for pay and productivity increases of 12¼ per cent, the union again requested arbitration.

Now Mr. Bill Sirs, ISTC general secretary, is writing to members of the Cabinet and to the TUC about what he called this "shocking state of affairs."

The corporation said it had told both ACAS and the ISTC it was prepared to go to arbitration as quickly as possible. Mr. Peter Bloxham, director of industrial relations, said, that throughout its negotiations the corporation had made it clear that any settlement would have to be within Government pay guidelines.

# Marshall quits P & O

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

MR. SANDY MARSHALL, co-managing director and former chief executive of the Peninsular and Oriental Steam Navigation Company resigned yesterday after "differences of opinion on policy matters between himself and the Board."

His departure had been a strong possibility since last September, when Lord Inchcape strengthened his hold on the group by becoming executive instead of non-executive chairman.

In its efforts to halt the decline in P&O's finances the Board in January made Mr. Richard Adams co-managing director with Mr. Marshall. Mr. Adams now takes the post of deputy chief executive.

Mr. Marshall, 54, would not go into detail last night about the nature of his differences with the board, but a central issue has been the future of P & O's energy division, creation of which was closely associated with him.

Lord Inchcape has launched a review of the division. The group has been testing the market for the sale of its 15 per cent stake in the Beatrice oilfield and of other interests related to the North Sea, as well as in North America.

Mr. Marshall said that there had been a wide range of disagreements in the last six

Continued on Back Page
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P & O Australia results Page 31

# BA may seek fuel surcharge

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS may soon introduce a fuel surcharge of about 7 per cent on North Atlantic fares and cargo rates to meet soaring fuel bills.

Trans World Airlines, the biggest airline on the North Atlantic, is to ask the U.S. Civil Aeronautics Board for a 7 per cent surcharge, to become effective on May 1. Because of advance bookings, the surcharge will be applied (if approved) on all tickets sold from April 15 for flights from May 1.

British Airways has been considering a similar move for some time, but had been waiting until after next Wednesday's Geneva meeting of the International Air Transport Association, at which all the major airlines will consider fares increases and fuel surcharges. Now that TWA has gone ahead, British Airways may decide not to wait until the Geneva meeting.

If both TWA and British Airways impose a surcharge, other airlines on the North Atlantic are likely to follow suit.

TWA, which was recently denied a fares increase by the CAB, said yesterday that the "sharp unanticipated fuel price increases" since 1978 meant that in the peak part of this year its fuel bills will be 35 to 40 per cent up on last summer.

TWA said that the fuel surcharge would help it to maintain the "continued availability" of cheap fares, and ensure a reasonable return on its investment.

This implies that, unless the surcharge is allowed, the airline may have to reconsider the extent to which it can continue to offer cheap fares in the face of rising costs.

● TWA has been told that its advertising slogan, "Number One Across The Atlantic" is valid, and that the airline is justified in using it. Following an objection by British Airways to the Code of Practice Advertising Committee, the committee was unanimous in its view that the slogan did not breach the code. Last year, TWA carried over 2.2m passengers on the North Atlantic, compared to 1.3m carried by British Airways.

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

**RISES:**

| | | |
|---|---|---|
| ...echam | 700 | + 17 |
| ...bby (J.) | 355 | + 18 |
| ...ue Circle | 296 | + 8 |
| ...ent Chemicals | 273 | + 11 |
| ...it. Car Auction | 85½ | + 7½ |
| ...own (J.) | 525 | + 19 |
| ...ty Offices | 86 | + 5 |
| ...ejan | 157 | + 6 |
| ...ebenhams | 95 | + 5 |
| ...MI | 130 | + 6 |
| ...EC | 384 | + 11 |
| ...US A | 382 | + 10 |
| ...ouse of Fraser | 176 | + 8 |
| ...CL | 500 | + 16 |
| ...CI | 397 | + 11 |
| ...adbroke | 213 | + 8 |
| ...illey (F. J. C.) | 83 | + 7 |
| ...ountview Ests. | 145 | + 7 |
| ...cottish and Universal Invs. | 189 | + 30 |
| ...irdar | 119 | + 10 |
| Tate & Lyle | 154 | + 8 |
| Tube Invs. | 418 | + 20 |
| Weir | 105 | + 9 |

**FALLS:**

| | | |
|---|---|---|
| ANZ | 300 | − 30 |
| Bejam | 72 | − 5 |
| Bell (A.) | 179 | − 13 |
| HK & Shanghai | 264 | − 18 |
| Inveresk | 45 | − 3 |
| Rockware | 122 | − 8 |
| Ashton Mining | 82 | − 11 |
| Conzinc Riotinto | 278 | − 18 |
| De Beers Defd. | 412 | − 18 |
| Free State Geduld | £13⅞ | − 1 |
| MIM Hldgs. | 232 | − 19 |
| Pacific Copper | 103 | − 11 |
| President Brand | 862 | − 79 |
| Sentrust | 193 | − 15 |
| Sth. African Land | 72 | − 5 |
| Union Corp. | 344 | − 16 |
| Western Mining | 172 | − 12 |

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# EUROPEAN NEWS

## Italy's new minority Government sworn in

ITALY'S NEW three-party minority Government of 21 Ministers was sworn in by President Sandro Pertini yesterday. Reuter reports from Rome. The Socialists and Communists are likely to combine against Sig. Giulio Andreotti's new Government in its first confidence vote, probably on March 29, making an early general election inevitable.

In Milan, Left-wing terrorists blew up three offices of a Government housing agency, damaging nearby apartments and cars, police reported.

In Cuneo, Sig. Attilio Dutto, a dye-works director, was seriously injured by a car bomb. A telephone call claimed responsibility in the name of the Red Brigades.

### German car output

West German car production fell to 338,100 units last month, against 380,404 in January, VDA, the automobile industry association, said, Reuter reports from Frankfurt. Commercial vehicle output slipped to 24,900 from 26,846 in January.

### Dublin's £6m strike

The Irish Republic's 24-hour anti-PAYE demonstration is unofficially estimated to have cost up to £6m in lost production.

### Thai Premier arrives

Thai Prime Minister Kriangsak Chomanan arrived in Moscow yesterday for a week long visit, regarded as his most crucial so far, Reuter reports. Russia will try hard to get Thailand to recognise Cambodia's pro-Hanoi regime.

### Lisbon bridge shut

Two heavy lorries collided on the April 25 suspension bridge spanning the Tagus River in Lisbon, forcing the bridge to close yesterday, Reuter reports.

### 'Leonardo' costs

Efforts to save Leonardo da Vinci's Last Supper fresco in Milan's Santa Maria Alle Grazie church will cost L1bn ($1.2m), Reuter reports. Funds will be readily available, officials say.

DIRECT ELECTIONS TO THE EUROPEAN PARLIAMENT

## Giscard tries to reassure Gaullists

BY ROBERT MAUTHNER IN PARIS

PRESIDENT Giscard d'Estaing yesterday attempted to defuse the dispute between the French political parties over the future powers of the European parliament by proposing that they should make a joint declaration on the subject before the European elections take place in June.

Such a declaration, he said, should state categorically that the powers of the European parliament would not be modified by the fact that it was elected by universal suffrage.

His proposal, made in an interview with the mass circulation newspaper France-Soir, was clearly aimed mainly at the Gaullist RPR Party, which has been pressing the President to obtain a similar undertaking from the Governments of the other European Community members.

The Gaullists, no doubt, will welcome any re-affirmation of the limitations of the European Parliament's powers, but they will doubtless consider that it does not go far enough. Given that M. Giscard d'Estaing has made it clear on several occasions that the French government would not accept any extension of the parliament's powers, the Gaullists are now mainly concerned about the attitude of the other member states.

**France's oil bill is likely to rise by nearly FFr 10bn (£1.15bn) to around FFr 64bn (£7.37bn) this year as a result of OPEC price increases and additional rises from countries like Abu Dhabi and Qatar, the Paris Chamber of Commerce and Industry said, Reuter reports. The Government has set a ceiling for oil imports this year of FFr 58bn (£6.68bn). The Chamber said in its latest monthly economic letter that, for the year as a whole, the additional rises could add up to an increase of between 6-10 per cent above the 10 per cent average rise agreed by OPEC members for 1979.**

They fear that, if a majority of member states and European MPs are in favour of such an extension, the present French government would not have the political will to oppose them.

The French President went out of his way to reject suggestions, currently fashionable in both the Gaullist and Communist parties, that Europe risked being dominated by West Germany. He warned the French people that the inevitable corrollary of an anti-German campaign in France would be a revival of German nationalism with the risk of another major calamity in Europe.

M. Giscard d'Estaing's attempt to achieve a national political consensus on the European parliament's powers goes hand in hand with another initiative to lower the temperature within the ruling centre-right coalition.

Clearly worried about the escalation of Gaullist criticisms of the Government's economic and industrial policies, the President intends to discuss with the leaders of the two main coalition parties, M. Jacques Chirac of the RPR and M. Jean Lecanuet of the pro-Giscard UDF, ways to restore the coalition's unity.

M. Raymond Barre, the Prime Minister, has also been instructed to consult the leaders of the coalition parties' parliamentary groups on the legislative programme for the next parliamentary session, due to begin early in April.

President Giscard d'Estaing

## CIA still gloomy at Soviet oil prospects

By Anthony Robinson, East Europe Correspondent

THE CENTRAL Intelligence Agency (CIA), whose pessimistic report about Soviet oil prospects in the 1980s provoked controversy in both Western and USSR oil circles, has now come up with the results of an econometric model study, based on published Soviet statistics, which, it maintains, confirms its original thesis.

It also forecasts a substantial drop in the Soviet economic growth rate to an annual average of around 2.5 per cent over the period of the next five-year plan from 1981 to 1985.

In the current five-year plan, Soviet planners are looking for oil production in the 620m-640m ton range. Actual performance over the first three years has been slightly below target, and last year's production of 572m tons was only some 20m tons higher than that of 1977.

Annual increments are now about 4 per cent, half the rate of growth of the first half of the decade. At this lower rate, however, production should still come close to achieving the 620m tons, which is the low point of the current planning range.

The original CIA estimate, however, forecast that output would only reach 590m tons by 1980 and decline steadily thereafter to around 500m tons by 1985.

This would oblige the Soviet Union either to reduce its oil exports to the West or to Comecon, or both. It would also see the Soviet Union becoming a growing importer of OPEC oil from 1981 onwards.

Currently, the Soviet Union is estimated to supply around 70m tons of oil annually to Comecon and a roughly equivalent amount to the West.

However, the harsh winter has led to cutbacks in gas supplies over the first quarter, and oil shipments, traditionally low over this period, have also been tighter than usual.

At the same time, the Comecon Investment Bank, IIB, is reportedly negotiating a $130m Eurodollar loan for the specific purpose of financing the hard-currency oil import requirements of several East European members of Comecon.

There is little evidence so far to suggest that actual production in the Soviet Union has slowed down to the extent forecast by the CIA study, and reports from the prolific Tyumen oilfields, in particular, indicate that production from the key West Siberian fields is still increasing.

What is not so clear is the rate of decline in some of the older fields further west. It is the rapid rate of depletion in old producing areas, plus the climatic and other difficulties associated with bringing the newer areas on stream, which forms the major question mark over future performance.

## Bonn plans talks with OECD on aid for Turkey

BY JONATHAN CARR IN BONN

A NEW West German effort to speed moves to arrange financial aid for Turkey begins tomorrow with consultations at the Organisation for Economic Co-operation and Development (OECD) in Paris.

Herr Walter Leisler Kiep, Chancellor Helmut Schmidt's newly appointed special representative on Turkish aid, is to hold talks with Mr. Emile van Lennep (OECD Secretary-General). He will follow these with discussions involving the U.S. and Turkish governments, and the International Monetary Fund.

The chief object will be to try to clear away communications problems which apparently have arisen between the various parties involved in the Turkish aid question, and to obtain quick results.

West Germany took over the role of co-ordinator of Turkish aid action at the Guadaloupe summit conference in January, a clear example of Bonn's growing international leadership role and one about which, it is understood, some smaller partner-countries had reservations.

Bonn has been pushing for speedy progress, impressed by the economic aspect of Turkey's difficulties and the strategic problems for the southern flank of NATO, particularly in view of the instability in Iran.

The West Germans agree that aid should be linked to conditions, as the IMF insists, but emphasise that these must not be so tough as to undermine the Turkish Government's position.

Bonn, for example, understands Ankara's reluctance to devalue the lira further.

Immediately at issue is urgent aid of $1bn, half of this coming from OECD countries and the rest from other sources. West Germany and the U.S. are understood to be ready to put up $100m each.

This would be in addition to normal aid already provided for in the Bonn Budget, and the prelude to a much larger, longer-term aid programme.

Herr Leisler Kiep's appointment caused some surprise. He is Finance Minister of Lower Saxony and former treasurer of the Christian Democrat Party, which is in opposition to Herr Schmidt's Social Democrats.

He is, however, known to be very persuasive, with good contacts, both in Washington and Turkey.

## Work permit rule relaxed

BY OUR BONN STAFF

THE West German Government has agreed to relax the rule restricting dependants of foreign workers from non-European Community countries from taking up employment here.

The Cabinet decided yesterday that as a general rule children of such "guest workers" can receive a work permit two years after arriving in Germany; and wives four years after arrival. The new regulation will come into effect on April 1.

At first sight the action appears strange in a country which still has about 1m unemployed. However, there is an acute shortage of labour in particular sectors, either for lack of skilled staff or because the work is unpopular with Germans. The hotel and restaurant business is an example of the latter and one in which it is hoped, the new relaxation will bring an improvement.

## Zaire initials IMF agreement

By David White in Paris

ZAIRE HAS initialled an agreement with the International Monetary Fund on a packaging of measures to stabilise its economy, President Mobutu Sese Seko said here yesterday.

He said he would shortly sign a Letter of Intent, enabling the IMF to give the go-ahead for a $150m standby loan. There would be other credits involved inthe package, President Mobutu said.

The IMF agreement is expected to lead the way to a rescheduling of at least part of Zaire's estimated $3bn debt with creditor governments and banks. The Zaire leader held talks on Tuesday with President Valery Giscard d'Estaing and further discussions are planned with Chancellor Helmut Schmidt of West Germany.

## Lisbon tax plan angers parties

BY JIMMY BURNS IN LISBON

AS THE crucial five-day debate on the Portuguese Government's budget proposals and short-term economic plan nears its close the main political parties have made it clear that Portugal's non-party administration will have to show flexibility or run the risk of defeat.

One item, in particular, has drawn the public wrath of all parties: the controversial plan to introduce a new tax, in the form of a 56 per cent levy on the traditional extra month's pay which is paid as a Christmas bonus.

Significantly, the Socialist Party which, as the main Parliamentary group, holds the key to the fate of the Government, has already said it will vote against the new tax.

Socialist party officials, however, have indicated that they have no inclination to vote against the Government's economic policies as a whole, as such a move would almost certainly precipitate a political crisis and again raise the possibility of an early general election.

Less clear is whether the Government will be prepared to amend its original proposals before the final vote, which is expected late tomorrow night.

Earlier this week, Sr. Carlos Mota Pinto, the Prime Minister, declared that his administration would not cede on "essential principles," but government officials have suggested that a substitute for the new tax could be found in order to balance the current account.

In its original budget proposal, the Government aimed to raise about Es 8bn (£82.3m), some 4 per cent of total receipts, through the application of the new tax.

According to the same Government officials, the effects of excluding the new tax could be met by tightening up on tax evasion, and possibly by further cuts in public expenditure. The latter measure, however, could prove unpopular given the negative effect on investment.

### Tass 'attacks' NATO

NATO exercises in Norway would sharpen military tensions and obstruct détente in Europe, Tass, the official Soviet news agency, said yesterday, Reuter reports from Moscow.

### Weapons watchdog

A Soviet-U.S. watchdog panel which checks whether the two superpowers are observing bilateral accords on strategic weapons has begun a new session in Geneva. Reuter reports.

## Commission fights for fund-raising powers

BY GILES MERRITT IN BRUSSELS

IT IS as if a fashionable new phrase has suddenly found its way on to the lips of senior European Commission officials in Brussels. For in recent weeks references to "the Ortoli facility," have suddenly begun to pepper the declarations of several of the Commissioners, while Eurocrats speak knowingly of "Le NIC."

They are referring to a new EEC financing instrument that will raise almost £550m (800m European Units of Account) in its first phase and is designed to pump money into vital projects that might otherwise be neglected.

On the face of it, the "Nouvel Instrument Communautaire" (NIC) that has been shaped and fought for by M. Francois-Xavier Ortoli, the EEC's Economic and Financial Affairs Commissioner, will be a boon to a Common Market that is still woefully short of common projects. For the Ortoli Facility is designed in the long term to help finance such ambitious but practical ideas as an energy saving electricity grid inside the EEC.

But behind the common-sense ambitions of the Brussels Commission lies a two-year saga of political bickering with several of the EEC Governments. Not just over the size and scope of the new loan device but also over the principle of increasing the Commission's executive functions.

The row preceded the three-cornered scrap currently taking place between the Council of Ministers, the European Parliament and the Commission over the size of the Community's 1979 budget and touched on many of the same sore points.

The genesis of the idea for a powerful Commission financial instrument is unclear. Some credit M. Ortoli; others the EEC President Mr. Roy Jenkins.

When the present 13-man Commission was appointed two years ago a number of its members were astonished to discover that in spite of its "triple A" rating in the money markets the Commission had scarcely any available cash to fund Community projects. The 53 issues it has so far floated on the Euromarkets or in the U.S. have been earmarked for spending by the ECSC Coal and Steel Community or by Euratom.

For although the Commission tends to be the breeding ground for ideas on how to weld the EEC together, it has also been suffering from a bad case of executive impotence. Outside its trusteeship of the Agricultural Fund the Commission has been kept on a short financial rope.

M. Francois-Xavier Ortoli

The Luxembourg-based European Investment Bank (EIB) is the Community's long-established funnel for development loans, and since 1975, when its operations for the year were less than 1bn EUA, it has grown rapidly to top 2bn EUA in 1978.

But with its responsibilities ranging from infrastructural work in poor EEC regions to lending to small businesses and developing countries it has very diverse priorities. What the new Brussels Commission envisaged was apportioning development capital in the grand manner, and by mid-1977 it had proposed that its new facility be worth 2bn EUA initially.

Reaction, notably from West Germany, was swift. Bonn registered an unequivocal "no," claiming that there was no shortage of funds in the European Community.

By dint of appealing directly to the West German Chancellor, Herr Helmut Schmidt, and emphasising that the scheme was self-financing the Commission resuscitated the idea. Several governments proposed to give the EIB control of the facility but it was finally agreed that while the Commission would raise the money and propose the projects, the EIB would vet them and disburse the loans. The size of the instrument has, meanwhile, been cut back to less than 1bn EUA.

The Commission is pleased that the principle of its having its own financing arm has been established, even if the facility in its present form is only a base on which to build. The first operation is worth 800m EUA, and the first tranche of that is to be 500m EUA.

The 20 or so energy projects currently in the running for about 300m EUA of the tranche are all comparatively small ones requiring finance during 1979. They, like the handful of infrastructure programmes that will absorb the 200m EUA balance, will be financed through comparatively small loan packages that the Commission's credit and investments directorate-general in Luxembourg will float when market conditions are favourable.

The aim of the energy saving projects is to contribute towards the EEC's own target of reducing energy requirements. At present each percentage point added to Gross Domestic Product in the Community increases energy needs by more than 1 per cent, and the objective is to reduce that to around 0.8 per cent.

Investment in such technologies as heat recovery is clearly valuable, but it is also rather more mundane than the architects of the Ortoli facility may have originally intended.

Less than two years from now, the Commission has to seek the Council of Ministers agreement on a second phase. It could well find some EEC member governments demanding to know why the facility should not be merged back with European Investment Bank funding.

## Extra seat for Finnish party

HELSINKI — Finland's Conservative Party has gained one more seat following the weekend general election.

The Conservatives, main opposition party, has thus won 11 seats for a total of 46 in the new 200-seat Eduskunta

It gained its extra seat from the Liberal Party, which had nine seats in the old Parliament, but has only four in the new one.

AP

## Air traffic growth poses Europe control problem

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE SYSTEM for handling air traffic in Europe may soon be unable to cope with the growing number of aircraft.

Mr. Kurt Hammarskjold, director-general of the International Air Transport Association, representing over 100 major airlines, has given this warning to the European Parliament's committee on regional policy, planning and transport.

While industrial unrest has recently aggravated the problems—with the French and Spanish air traffic controllers' disputes—the airlines fear that the system is becoming inadequate, even for normal needs.

They also fear a serious problem again this summer because of traffic growth and more industrial unrest.

Mr. Hammarskjold also said that the day-to-day performance of the air traffic system in Europe was considered far below what had been shown to be feasible elsewhere.

This was despite the fact that Europe had the technical base and professional skills to produce the world's best air traffic control system.

Calling for urgent action, Mr. Hammarskjold added that an efficient system could only be achieved by creating a "pan-European authority with executive power to create long and medium-term plans."

The management of existing day-to-day traffic should also be co-ordinated and improved.

## Italians warned on power

ROME — Italy may have to ration electricity unless more nuclear power stations are built, according to Sig. Romano Prodi, the Industry Minister.

"Rationing of energy will have to be introduced massively in the next decades if the nuclear power stations are not built," he said.

The history of Italy's nuclear energy development, however, has been one of delay after delay.

The Government wants to build at least eight pairs of nuclear power stations, producing a total of 8,000 MW of electricity.

So far only one has been built of 850 MW in the north near Carosa, and a start has been made on clearing the ground for two 1,000 MW plants on the Mediterranean north of Rome. Everything else is undecided or blocked.

## Danish wage bargaining—making the best of a bad job

BY HILARY BARNES IN COPENHAGEN

DENMARK INTENDS year by year to reduce its current account deficit or so the Danish government has been telling its creditors for the past three years, when the Prime Minister, Mr. Anker Joergensen, expanded his minority Social Democratic Government into a coalition with the Liberals last August to give it more political muscles, the declared objective was a reduction of the current external deficit in 1979 to DKr 6.5bn.

After this week's decision by the coalition to prolong the current two-year collective wages agreement by statute it is clear that the Government no longer expects to achieve this objective. The Government's own economists expect a deficit in excess of DKr 8bn compared with Kr 7.6bn, or 2.5 per cent of the gross-domestic-product in 1978. Bank economists are slightly more pessimistic.

But the situation facing the Government was so larming that most people agree with Mr. Joergensen that the settlement was reasonable in the circumstances.

The whole system of collective bargaining for legally binding two years wage agreements is necessarily an exercise in brinkmanship. The stakes, in the form of a comprehensive labour conflict if negotiations stick, are high.

This year the situation became unusually serious. The trade union federation disliked the formation of the coalition last year and its chairman, Mr. Thomas Nielsen, has never ceased to proclaim his ambition to break it up.

As a result of this attitude the negotiations turned into a challenge to the authority of the Government. By threatening to bring out on strike power station, transport, and dock-workers, the federation forced the Government to intervene, knowing that the Social Democratic half of the Government could not carry with its own parliamentary group any settlement which did not have at least the tacit support of the unions.

Both the openness of the political challenge by the unions and the ferocity of the strike threat (countered by a threat from the employers to lock out 250,000 industrial workers) were unprecedented.

Dr. Joergensen, however, was not entirely powerless to resist the unions' steamroller. He threatened to call an election if the coalition could not agree to impose a settlement, making clear that in an election held in the midst of the most serious labour conflict for half a century the Social Democrats were bound to loose heavily. It was also a warning to the Liberals of the danger of going too far in trying to block an agreement for which the Social Democrats had to have union acceptance.

The result is a settlement giving increases in private sector wages paid out of 7½ per cent in the first year and 6½ per cent in the second year. With a slightly bigger increase for public sector employees, total disposable incomes will rise about 8½ per cent in the first year and 6½ per cent in the second year, according to official estimates, which allow the wage drift of about 2 percentage points a year.

The employers are protesting loudly that they have not got the money to pay, but the fact is that if the wages projection is accurate, wages will rise more slowly in the next two years than at any time since 1959 to 1960.

The basis of the settlement is an extension for two years of the existing collective agreements in the private sector, with the introduction over two years of a fifth week annual holiday and a 4 per cent a year increase in guaranteed minimum wages. The automatic escalator-system, which the employers wished to modify, is preserved. A parallel settlement will be ompised on the public sector.

The official estimates are that the settlement may lead to a slight gain in comprehensiveness in Denmark's relative labour costs. Unemployment, running at about 8½ per cent, will remain at about this level in 1979, and the current external deficit, while deteriorating slightly this year, will improve by about Kr1bn in 1980.

In the forefront of officials' minds at the moment is the large net foreign debt of Kr58.5bn at the end of 1978 or 19 per cent of GDP. Interest on public sector debt alone will amount to Kr3.6bn in 1979 and the total of aid and interest payments will increase by about Kr1.5bn a year for several years to come. The total debt servicing burden for the public sector will rise from Kr5.7bn in 1979 to Kr8.9bn in 1983 according to official figures. The country will have to borrow a minimum of Kr10bn abroad in the foreseeable future to meet repayments.

If the current deficit is not reduced, the economic survey said, the country runs a serious risk of running into debt-servicing problems. But for the time being a certain insouciance is noticeable. The foreign exchange reserves are likely to reach Kr 22bn by the end of this month, easily a record. The EMS has strengthened confidence in the krone, and there is so much money in the kitty that a slowing down of the Government's foreign borrowing requirements is under consideration. Debt or no debt, the country's immediate position is strong.

But its medium term position is less enviable, according to the survey. In the most pessimistic analysis which the Government's economists have ever published, they draw a picture of a country which in terms of economic policy has its back to the wall.

In the ruling international climate exports cannot increase in real terms by more than 5 per cent a year, they said, which means that imports may only rise by 3 per cent if there is to be any reduction of the external deficit. This places a limit on the increase of domestic demands of 1½ per cent a year which in turn implies a GDP growth rate of only 2 per cent a year.

Not only does this have alarming implications for unemployment, but there is a further complication. There is an in-built tendency, as a result of the increase in the labour supply and in real disposable incomes, for private consumption to absorb all the increment of domestic demands.

Last year the Ministry of Finance published a model which foresaw a 3½ per cent GDP increase per year, with exports rising by 6 per cent, business investment by 6 per cent and private consumption, public consumption and investment each by 2 per cent a year. An ambitious plan for the expansion of public sector investments in the period to 1990 was based in part on this relatively optimistic model. If the economic survey assessment of the prospect is to be taken seriously, some serious re-thinking of economic priorities will be necessary.

Prime Minister Anker Joergensen: settlement reasonable in the circumstances.

## Central bank call to curb domestic costs

BY OUR COPENHAGEN CORRESPONDENT

**A REDUCTION in the level of domestic costs is a necessary condition for correcting the "fundamental disequilibrium" in the Danish economy, which are reflected in a high and rising current balance of payments deficit, high unemployment, and a growing budget deficit, the central banks says in its annual report.**

**The foreign debt was DKr 58.5bn (£5.57m) at the end of 1978, or 19 per cent of GDP. Interest payments are rising fast and loan repayments on public debt will increase from DKr 2bn last year to DKr 7bn in 1983, says the bank.**

**This makes extra demands on monetary policy, which is already bearing more than its share of the burden of economic policy, the report says, but any easing of the former requires an improvement in the external deficit.**

**● Left-wing shop stewards plan a mass demonstration today in Copenhagen in protest against the Government's decision to impose a wage settlement by law. The organisers hope to bring work to a stop in most major companies. The central organisation of public sector salaried workers is also planning a demonstration in the city today.**

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# WORLD TRADE NEWS

## Soviet nuclear aid for India

BY K. K. SHARMA IN NEW DELHI

LLABORATION ON a large clear plant for India was one several projects discussed ween Mr. Alexei Kosygin, the iet Premier, and Mr. Morarji ai, India's Prime Minister, week.

etails have still to be ked out but the Russians e agreed in principle to st in setting up the plant, ch is expected to be the gest in Asia with a generat- capacity of about 1,200 MW. oviet assistance for the nt will be both financial and nical and is part of the g-term co-operation arrange- ts made last week.

mong issues to be sorted are the safeguards to be lied to the fuel for the pro- ed plant. The Russians are keen as the U.S. to apply rnational safeguards that prevent use of the fuel for -peaceful purposes.

ndia is facing difficulty in obtaining enriched uranium for the U.S.-aided plant at Tarapur, near Bombay, because of the new Nuclear Non-proliferation Act passed by Congress last year. Two applications for supply of fuel are pending and if they do not go through, India has said it will make alternative arrangements.

This could either take the form of supply of the necessary fuel by the Russians or development of the fuel in India, progress towards which is being made rapidly. Officials are not commenting on this and say that a decision will await U.S. treatment of the applications.

It is thought that India will agree to safeguards for the proposed plant to be set up by the Russians since these have already been agreed to in the case of the nuclear plant at Kotah in Rajasthan State, for which Moscow is supplying heavy water.

The main hurdle in the way of obtaining foreign assistance for nuclear plants is that India refuses to sign the Nuclear Non-proliferation Treaty on the grounds that it is discriminatory. Both the U.S. and Russia are signatories and it is known that Mr. Kosygin applied heavy pressure on Mr. Desai to sign it. Mr. Desai's answer was he would do so readily provided its clauses were applicable to all countries.

Mr. Kosygin is believed to have brought up the matter when the proposal for the new nuclear plant was discussed. The safeguards are to be discussed further but it is unlikely that the actual agreement on them will be made public.

The plant is to be established because of an acute power shortage in India which is acting as a constraint on both industrial and agricultural production. Efforts are being made to increase generating capacity through additional thermal and hydro units but a substantial amount is also to be obtained from nuclear stations.

India has nuclear stations at Tarapur and Kotah and another two are being built in the states of Tamilnadu and Uttar Pradesh. The location of the Soviet-aided plant has still to be decided.

Meanwhile, Mr. Desai told Parliament yesterday that proven reserves of natural uranium in India were adequate for the nuclear power programme currently envisaged.

He added that various surveys to locate uranium deposits had been made and were followed up with detailed exploration. Deposits were found in Bihar State. But Mr. Desai ruled out the possibility of locating nuclear power stations in Bihar since the state has large coal deposits.

## JK provides evelopment rant of £20m

y K. K. Sharma in New Delhi

TAIN YESTERDAY signed agreement providing grants 20.09m to finance the rupee s of Indian development jects and programmes.

he agreement is the first in- ment of grants totalling 5m which will be made avail- to India before the end of century in a bid to lessen debt burden arising from loans from Britain. The re amount will be available dnance agreed development jects including those speci- designed to help the poor.

lso signed yesterday were sidiary grants totalling £15m the Agriculture Refinance elopment Corporation and 9m to meet the local cur- cy costs involved in install- five gas turbines in West gal. The gas turbines are g supplied by the British ipany John Brown Engineer-

and Pyrometers of Sheffield e received an order worth 8,000 for a range of combus- instrumentation equipment m Bharat Heavy Electricals Delhi. The equipment will be d in the commissioning of ge power stations currently ler construction in India.

## Moves to broaden EEC accord

BY OUR NEW DELHI CORRESPONDENT

THE EEC and India are negotiating a new commercial co-operation agreement. However because it is expected to take some time before the new pact is agreed the present agreement will probably be extended beyond its existing deadline of April 1.

Exploratory talks between the two sides have already been held at Brussels and the EEC commission is now to seek a mandate from the Council of Ministers for starting formal negotiations on a new agreement which will take into account India's proposal to widen its scope to include general economic co-operation. The mandate is expected within a few weeks and the agreement should be signed in the autumn.

The present agreement was signed in December 1973, and came into force on April 1, 1974, with the object of developing and diversifying trade and to promote economic co-operation linked to trade. A joint commission was set up to carry out the agreement and this is considered to have worked well within its limited functions.

India now wants to formalise this general co-operation and the EEC European Commission is studying this and other proposals. Official sources here say the initial response has been positive.

One of India's principal objectives in broadening of the agreement is to include industrial co-operation with the Community in third countries so that joint ventures can be launched. India is also seeking more powers for the existing joint commission, especially in regard to the use of funds for trade promotion.

India has also proposed the inclusion of a new "friendly consultation" clause that would enable either side to consult the other before taking any action that could have an adverse effect on the other. An example was the recent EEC action imposing quotas on Indian textile exports.

## China machine tool contracts under way

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE LONG-awaited boost to the order books of British machine tool companies from China appears to be getting under way. Contracts signed recently or shortly to be concluded, amount to more than £6m.

Several of the machine tools that have been ordered relate to the Spey engine project, which Rolls-Royce is helping.

The contracts that have been concluded so far will go some way towards offsetting the disappointing level of orders for the machine tool industry from the home market. They include: Lapointe Machine Tools, a division of Staveley Industries, which has signed an order worth £1.5m for the supply of broaching machines, mainly to the Spey project. TI Matrix, part of the Tube Investments group, has recently signed a contract for the supply of numerically grinding machines, some of which will be used in tooling up the Spey project.

TI Churchill, also part of Tube Investments, expects shortly to sign a £500,000 order for the suppyl of numerically controlled lathes. Cincinnati Milacron, owned by the U.S. group of the same name, is to supply 19 machines to China, including an NC machine centre.

Other British machine tool companies which have secured contracts include Wilkins and Mitchell. It will supply six power presses to China under a contract valued at nearly £1m. Rank Taylor Hobson will be supplying more than £1m worth of precision milling machines.

## Seat starts assembly of Lancia cars

By Kenneth Gooding, Motor Industry Correspondent

TWO NEW models which should help improve the flagging sales of Seat, Spain's major car manufacturer, were launched yesterday.

They are Spanish versions of the Lancia Beta Coupe and the Lancia HPE intended exclusively for the domestic market. Lancia emphasised that the cars are not being produced under licence but are an assembly of original Lancia components and that a Spanish-built, two-litre engine will power the new models.

Seat is 36 per cent owned by Fiat of Italy which also owns Lancia.

Since the early 1970s Seat's share of the Spanish new car market—running at more than 900,000 a year—has slumped from 60 per cent to 28 per cent last year as its outdated range suffered at the hands of locally assembled Renaults, Simcas, Citroens and more recently, Ford Fiestas.

## Further British criticism of GATT textile proposals

BY RHYS DAVID

FURTHER CRITICISM of the EEC's proposals on textile tariffs in the Tokyo Round of the GATT multilateral trade negotiations was expressed by Dr. Brian Smith, president of the British Textile Confederation, yesterday at a conference at Keele, Staffordshire.

The proposals represented a bad deal for the British and European textile industries and if allowed to go through, the consequences are likely to be very serious, he warned.

Dr. Smith, who was addressing the Overall Manufacturers Association, claimed that although the EEC had much lower tariff barriers than any other major trading group, the textile industry had been willing to see them brought down still further in the interests of standardisation.

The offer made by the U.S., however, was disappointing, and would not harmonise textile tariffs between the U.S. and EEC. The U.S. would enjoy the increasing advantage of cheap oil and energy for man-made fibre textiles. U.S. concessions were mainly in areas where they would offer only limited benefit to the U.K.

Conversely, the EEC had made large offers in strategically important sectors where the U.S. is particularly competitive. Furthermore these offers would also benefit other countries which have offered nothing at all in return.

Referring to the multi-fibre arrangement, (MFA) re-negotiated at the end of 1977, Dr. Smith said that quota control from most developing countries had been good. The biggest problems had been with the EEC's Mediterranean associates who had breached the global ceilings.

## Panavia, Grumman link

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PANAVIA, THE UK-West German-Italian company which includes British Aerospace and which is building the Tornado multi-role combat aircraft, has selected Grumman Corporation, of Bethpage, New York, as its partner in trying to sell the Tornado to the U.S. Air Force.

The USAF recently announced an international competition to find what it called an "Enhanced Tactical Fighter" for the mid-1980s, for use as a low-level strike aircraft for NATO in Western Europe.

Under U.S. defence procurement rules any overseas entrants must be linked with a U.S. aerospace company. Panavia has chosen Grumman because of the latter's long-standing success in building high-speed combat aircraft, such as the F-14 Tomcat multi-mission fighter for the U.S. Navy.

FRENCH TELECOMMUNICATIONS

## Bid to export viewdata systems

BY JOHN LLOYD

THE DRAMATIC expansion in France's domestic telecommunications system — up from 5m subscribers in 1972 to 12m, with a target of 20m by 1982 — is being paralleled by a strong and apparently well organised push into export markets.

The French PTT is taking an active role, providing cadres of enthusiastic young men and women for international conventions and exhibitions intent on providing as efficient a back-up for their industry, and the PTT's own developments, as does Japan.

The two main manufacturers, CIT Alcatel and Thomson CSF, are offering digital, or time division exchanges at a time when much of the world seems inclined to buy this type — the newest — of switching technology.

However, the more eye-catching development is the video-text or viewdata systems now reaching trial stage, which seem certain to be the major rival for the UK Post Office's own viewdata system Prestel.

Being French the two compatable viewdata systems being publicised for the first time—Antiope and Teletel—have been accompanied by a certain amount of theorisation on the necessity for their introduction; they are not merely products but ideals whose time has come.

A recent report on the future of French communications coined a new word "telematique," or in English "compunications," to describe the mixtures of computers and communications.

### Impressive

Speaking to last month's Intelcom '79 Conference in Dallas, Texas M. Gerrard Thery, director general of French Telecommunications said that telematique was "a widespread phenomenon whose importance is comparable to the beginnings of railroads or aviation." The reality is more prosaic—indeed Teletel one PTT manager admitted, was developed partly to get round the grossly over-used directory inquiry service—but the early fruits appear impressive.

The full range of applications for Antiope and Teletel is still not fully known: nor is it clear quite how they will interact with each other. Both correspond in many respects with the Prestel system and with the BBC/ITV Ceefax/Oracle systems but they have significant differences.

Most different is Teletel. It is a system using a terminal in which the telephone and television screen will be combined. It will access computer-stored directory information, thus allowing the French PTT to move away from expensive paper directories and blocked directory inquiry lines.

Orders for 3,000 terminals have already been negotiated with Thomson CSF and the company's engineers have drawn a number of attractive designs for the new equipment.

By 1983, if all goes well, the sets should be in full production at the rate of 500,000 a year, each costing less than £50. The cost will be wholly borne by the PTT: each subscriber will get one free.

Antiope, developed by Télé diffusion de France, appears somewhat more staid in conception. It allows customers to access data and video programmes, through the broadcasting network receiving the programmes or information on modified television sets. Unlike the Prestel system, the PTT will not control the computers on which the information providers will place their information.

While confessing that Antiope/Teletel lags behind Prestel in development the French PTT insists that its system is more advanced, handier and more easily compatable with differing world standards.

### Handier

Naturally, a major goal is the U.S. market, where Insac has been negotiating for a U.S. partner for the marketing of Prestel for some months. The French PTT is now doing the same, and says it is having talks with General Telephone and Electronics, the Connecticut-based company which has been named as one of the favourites for taking Prestel.

# OVERSEAS NEWS

## Hanoi ultimatum calls for China troop withdrawal

BY RICHARD NATIONS IN BANGKOK

HANOI YESTERDAY delivered an ultimatum to China giving it a week to complete its troop withdrawal. It claims 10,000 Chinese soldiers are lingering up to 20 km within its territory and in 16 points scattered around the length of the border.


A Vietnamese Foreign Ministry note handed to the Chinese Charge d'Affaires in Hanoi said that if all Chinese troops were not out of Vietnam by March 28, the "Vietnamese armed forces and people would exercise their legitimate right of self-defence."

Diplomats here think the tough language is more likely intended to shift the onus of delay for negotiations to the Chinese side than to represent a serious threat of counter-attack by Vietnamese forces.

For the past fortnight none the less, Hanoi has been shifting troops and war material north at a rate constrained only by the limits of the country's entire transportation system. Soviet AN-22s, 45 ton heavy cargo transport planes, have been involved in airlifting troops and ammunition from the south. Other war cargo has been shifted up the coast by Soviet transport ships.

Military analysts estimate that at least 30,000 main force army units are involved in the redeployment north. Elements of the Vietnamese 2nd army corps—three divisions of Vietnam's best fighting force—have been pulled out of Cambodia and moved to reinforce the 1st corps stationed in the Hanoi-Haiphong defence perimeter.

The open question here is whether the build-up in the North has not gone beyond strictly defensive means. Although it is thought that Chinese forces continue to occupy strips of disputed border territory usually no more than a few hundred metres wide, a Vietnamese counter attack against the Chinese is thought highly impractical, given both the terrain, and the solid wall of Chinese forces behind their most forward positions.

The Vietnamese note yesterday said that if all Chinese forces were withdrawn completely and unconditionally by March 28 then Vietnam would propose immediately beginning talks to restore normal relations the following day, first in Hanoi then in Peking.

"If Chinese troops continue to occupy Vietnamese territory China will be fully responsible for any delay in negotiations," the note said.

Reuter adds from Phnom Penh: Several Chinese military advisers directing Khmer Rouge forces loyal to the ousted Pol pot regime have been captured in Cambodia, according to Mr. Hun Sen, the Foreign Minister of the new Vietnamese-backed government.

He declined to give the exact number but said, in a rare interview, that they were being interrogated in military camps in Cambodia.

The Foreign Minister also accused Thailand of allowing China to send supplies through its territory to the Khmer Rouge forces, whom he described as now "merely a nuisance" with no unified command.

Meanwhile the Vietnamese News Agency, monitored in Hong Kong, said Vietnamese are celebrating at post-war rallies although some Chinese troops remain on Vietnam's side of the border.

The Hanoi people's committee chairman told 30,000 people at a rally in the capital on Tuesday afternoon: "They (the Chinese) are still stationing their troops in many border areas on Vietnamese territory and threatening to continue new military adventures to annex Vietnam."

## Fury in Knesset over text errors

By David Lennon in Tel Aviv

ISRAEL'S Parliament, the Knesset, exploded in angry exchanges yesterday when it was learned that the text of the military annex to the proposed peace treaty with Egypt which had been tabled in the house contained certain inaccuracies.

Members demanded that the debate on the treaty be postponed until a correct version was made available. But the session continued for its second day after Mr. Manahem Begin, the Prime Minister, apologised for the error and promised that the corrected version would be made available later in the day. In the late afternoon 20 of the 53 pages of the English text were replaced.

Many Knesset members were angry that the Premier, who had been so pedantic during the peace negotiations about every word of the treaty, should have allowed an inaccurate version to be circulated in the House.

Mr. Begin said the "minor inaccuracies," were in a military annex, the final version of which had not been available when the debate started on Tuesday morning.

He criticised the U.S. State Department for having rushed to publicise the fact that the English version of the treaty, released by Israel, contained inaccuracies.

The debate continued its stormy way during the day, especially whenever the Palestinian issue was mentioned. It was not expected to be completed before the early hours of today. But the Government is assured of a large majority in favour of ratifying the peace agreement.

It was announced in Jerusalem yesterday that Mr. Begin will brief Mr. James Callaghan, the British Prime Minister, on the agreement when he stops over at Heathrow on Friday en route to Washington for the singing ceremony.

Meanwhile, Mr. Rashad Al-Shawa, the Mayor of Gaza, plans to meet soon in Beirut with Mr. Yasser Arafat, chairman of the PLO, to discuss the planned autonomy regime for the Israeli occupied territories. The mayor is the leading public figure in the Gaza Strip, and has good relations with both the PLO and Egypt.

Unlike Palestinian leaders on the West Bank, Mr. Al-Shawa has indicated he would be willing to consider the autonomy plan, if he is assured that it will lead to full self-determination for the Palestinians.

## Dismay over U.S. grant

By L. Daniel in Tel Aviv

DISMAY HAS been voiced by Cabinet Ministers here that only about a quarter of the $3bn promised by the U.S. for the Israeli evacuation of Sinai and construction of alternative airfields and bases in the Negev, will be in the form of a grant.

The remaining $2.2bn is to be in the form of 30-year loan, with repayments to start after 10 years. The rate of interest has not yet been fixed.

Answering critics, Mr. Ezer Weizman, the Defence Minister —who negotiated the aid—said anyone who thought they could do better was welcome to go to Washington and try.

Disappointment voiced in Finance Ministry circles was due to high expectations that the U.S. would furnish the whole of the $3bn in the form of a one-time grant, and Mr. Simcha Ehrlich, the Finance Minister, who is going to Washington for the signing of the Egyptian-Israeli peace treaty, said he would try to get better terms.

## Pressure for UAE union

By Kathy Bishtawi in Abu Dhabi

PRESSURE IS mounting in the United Arab Emirates for the seven ruling Sheiks to declare a complete union in the country, rather than seeking ways to consolidate their eight year old federation.

The last three days has seen a continuous wave of demonstrations in various parts of the UAE by young federal enthusiasts calling for the abolition of all internal borders and for complete union. These demands, among others, are also backed by the increasingly powerful Federal National Council in Abu Dhabi.

The effect of all this activity, observers believe, is to increasingly isolate the Emirate of Dubai, the second richest in the UAE. Five out of six of the remaining Emirates are understood to have expressed willingness to declare their complete unity with Abu Dhabi, with Sheikh Zaod of Abu Dhabi as President, and themselves becoming his representatives in their own areas.

Pressure on independent-minded Dubai is mounting not necessarily to accept complete union, but at least to make some real concessions towards the federation.

Officials in Abu Dhabi admit that a complete union would weaken the position of the ruling sheikhs, and that at this stage this is not actively sought. However, even a strengthening of the powers of the federal government Ministers would seem to also weaken the positions of the sheikhs.

At the same time, the Federal National Council is seeking greater legislative powers, and there have been some suggestions by young UAE liberals that the council's members should be chosen more by an elective process than through nomination by their Emirate's rulers.

## New tax Bill could affect foreign businesses in Iran

BY ANTHONY McDERMOTT IN TEHRAN

IRAN'S PROVISIONAL Government yesterday celebrated its first revolutionary New Year by issuing advice to its citizens about income tax.

In the 1978-79 Budget, this accounted for nearly 17 per cent of the Government's income. The announcement on Tehran radio concerned tax problems going back nearly a decade.

If the instructions are carried out, they will have an important effect on foreign businesses in Iran.

A provisional Bill had been issued by the Economics and Finance Ministry, the announcement said, which could involve billions of dollars. Tax revenues in 1978-79 alone were supposed to total $8.7bn.

Under the proposed Bill, people will be allowed to assess their own taxes and a 10 per cent reduction will be given to those paying cash.

Tax commissions are to be set up in all areas, composed of one religious representative, one "respected member of the community," and an appointee from the Ministry, to deal with cases involving problems.

The tax-gathering system in Iran, like other areas of the bureaucracy, is in chaos. Before the Shah was ousted, Ayatollah Khomeini told Iranians not to pay their taxes. This confusion has been aggravated by the Finance Ministry's inactivity.

## Khomeini despatches team to stop Kurdish fighting

SANANDAJ—Heavy fighting continued in the streets of this western Kurdish city near the Iraqi border yesterday as Ayatollah Khomeini sent top religious leaders to the scene in a bid to secure peace.

Kurdish rebels surrounding the barracks of the 28th Iranian infantry division exchanged rifle and machine-gun fire with the beseiged troops for the third consecutive day after the breakdown of another ceasefire attempt.

The Kurdish fighters said 80 of their men had been killed since the fighting began last Sunday night and that 20 soldiers had died.

"Voice of the Revolution" radio in Tehran reported that Khomeini's chief religious representative in the capital and other Moslem leaders had been sent to Sanandaj "to investigate the situation and attend to the demands of the Kurdish people," who have been pressing for autonomy since the Shah was toppled last month.

Khomeini and most Iranians belong to the Shi'ite sect of Islam. Most Kurds are Sunnis.

The radio also repeated a statement by the armed forces high command charging that those attacking the Sanandaj garrison were "counter-revolutionaries," a charge denied by the Kurdish guerrillas.

In a televised address to the nation to mark the beginning of the Iranian new year yesterday, Khomeini made no reference to the Kurdistan fighting. But he stressed that "we should support our army, we need it. We cannot do without it. We should reform and purge it and be careful about new military appointments. It is really necessary to bring in real Moslem patriots."

Reuter

# AMERICAN NEWS

DRAMA IN THE WHEAT FUTURES MARKET

## The March contract affair

BY DAVID LASCELLES IN NEW YORK

CHICAGO'S CLAMOROUS commodity exchanges are not peaceful places at the best of times. They say that a grain speculator stands as much chance of losing his voice as his fortune. This week there was even more clamour than usual thanks to "the March contract affair."

On one level, the drama had all the ingredients of a good paperback: millions of dollars at stake, a looming crunch in the markets, dramatic intervention by the Government, an emergency court session, and a happy ending for most of those involved.

But on another level a hallowed principle was at stake: the free market system. And although the immediate drama is over, the battle for the principle continues.

The affair occurred at the Chicago Board of Trade (CBOT), a large chamber in a block which houses the world's wheat futures market. Traders stand in octagonal pits, dealing mostly in futures.

A futures contract is an agreement to buy or sell a commodity at some future date. The value is fixed at the time of the trade. To simplify matters in the hectic atmosphere of the pits, all wheat contracts are for 5,000 bushels of a given quality delivered in Chicago or Toledo, Ohio.

At the CBOT, wheat futures are traded up to a year ahead. So a trader who sells five March 1980 contracts agrees to deliver 25,000 bushels this time next year.

The attraction of futures is that speculators can gamble on price changes. A trader can buy a December contract at today's prices in the hope that by the time he takes delivery of the wheat it will be more expensive. This is known as "going long."

Alternatively, a speculator can "go short" by selling a December contract now in the expectation of meeting his delivery commitment with wheat bought later at lower prices. If prices move as he hopes, he pockets the difference between the cost of the two contracts.

The other attraction of futures is that exchanges like the CBOT require speculators to put up only a small margin on the value of their contracts. They can speculate in contracts worth millions of dollars with only a few thousand dollars.

Most speculators balance short contracts with long, thus cancelling out their positions. By the time a contract closes, usually on the 21st of the month, the amount of "open interest" or commitments to buy and sell should equal the amount of wheat available for delivery.

However, this does not prevent traders from dealing in as many contracts as they want while the contract period is still open. The amount of open interest often reaches more than 10 times the amount of available wheat. According to the CBOT, only 3 per cent of all contracts are for actual delivery.

Trouble was brewing in the March '79 wheat contract last December when a group of speculators began buying heavily and started assembling a large "long" position.

By the beginning of March, six traders held about 50 per cent of the long open interest, equivalent to 14m bushels, or nearly six times the 2.4m bushels available for delivery.

Glyn Genin

In the pits at the Chicago Board of Trade.

By March 16 this number had narrowed to four traders holding 90 per cent of the open interest, with only four days to go before the contract closed on March 21.

The danger in this situation is that traders who are "short" and need to buy grain to cancel out their positions find the market cornered by the "long" traders who are able to command exorbitant prices when selling to those are "short," unwise enough not to close their positions out in time.

This ploy proved particularly effective in the March contract because transport and warehousing shortages had resulted in wheat supplies being unusually tight.

The CBOT noticed that an unusual situation was developing, and was monitoring it, although (it now claims), it saw no emergency and expected these positions to be liquidated in an orderly fashion.

But suddenly, a new figure appeared on the scene—the Commodity Futures Trading Commission (CFTC), the Washington watchdog of the commodity exchanges.

On the evening of Thursday, March 15, it ordered trading in the March contract to be suspended on the grounds that "a major disruption" was threatening the market, and told the CBOT to do something about it. This was the first time such a suspension had been ordered.

The board met the next morning and decided to allow trading in the contract for liquidation only, in other words, to enable traders with positions to sell or buy them off if they wanted to. But this was not good enough for the CFTC, which invoked its emergency powers and ordered traders to liquidate their positions at the March 16 closing price.

The CBOT was outraged at this "gross interference" and appealed to the courts. The judge ruled that the CFTC had not proved that there was an emergency, and revoked its order. A CFTC appeal was lost on the grounds that it had "overreached" itself.

So trading in the March contract resumed, and in the three remaining days the long positions were liquidated in near normal market conditions, which gratified the CBOT, although the CFTC also tried to take some of the credit.

The principle now being debated is whether the CFTC was right—even had the right—to step in the way it did.

The CBOT and its sympathisers invoke the sanctity of the free market and claim that the situation would have sorted itself out through the operation of market forces. And even if matters got critical, the exchange could have used its self-regulatory powers to cope with the problem.

"The CBOT is a self-regulating body, and we always monitor expiring contracts," Mr. Bob Wilmouth, the board chairman, told the Financial Times. "We drew what was happening to the CFTC's attention. But we thought that open interest could be liquidated in time and in an orderly way."

But the CFTC argues that the market was being manipulated, and the CBOT did nothing about it. Accordingly, it imposed a solution. That this solution was later thrown out by the courts does not dismay the CFTC, or so it claims. By its action, it says, it focussed attention on a dangerous situation and sobered up the market.

The CFTC now finds itself embroiled in a heated controversy over whether markets are best left to themselves, and its own record makes mixed reading.

Part of the problem is that the CFTC was formed in 1975 with a temporary charter, so it has spent most of its short life trying to justify its existence.

Its two main battles have been the investigation of the "Maine potato scandal" on the New York Mercantile Exchange, when traders defaulted on large commitments. It also took on Nelson Bunker Hunt over soyabeans trading when the oil-rich family was accused of manipulating the futures market. In neither case did the CFTC emerge with a great deal of success or credit.

The CFTC image was further tarnished by its efforts to deal with the "London options" swindles. Unable to cope with the problem adequately, the CFTC eventually took the easy way out by banning trading in all commodity options, much to the annoyance of legitimate dealers both in the U.S. and London.

It also has investigated the coffee market to see whether the producing countries have been buying coffee to prop up the price artificially—a matter in which the public, familiar with such things as the Great Soviet Grain Scandal, has a strong interest.

But this investigation has already brought the CFTC some bruises. It recently barred Wiscope, a Swiss commodity trading subsidiary of the British Guinness Peat Group, from U.S. exchanges for refusing to supply information about its clients. But Wiscope appealed against the ban, and won a temporary stay.

The Chicago wheat affair could be the decisive test of the CFTC's powers. The commission announced that it would appeal against judge's ruling that it "overreached" itself in ordering the wheat suspension. The case should clarify the limits to the CFTC's authority, which lie in an untested legal area.

## Sohio to reconsider on pipeline

BY OUR WASHINGTON CORRESPONDENT

STANDARD OIL of Ohio (Sohio) has agreed to reconsider its cancellation of the $1bn Pacific to Texas (Pactex) pipeline project, and will re-submit its permit applications to the Californian authorities.

But it was still far from a decision to go ahead with the project again, it said yesterday.

Sohio's new stance followed a day of intensive talks here on Tuesday, involving Dr. James Schlesinger, Energy Secretary, Californian State officials and several members of Congress, all of whom promised action to help the Pactex project.

After the meeting, Dr. Schlesinger said he now expects Sohio to build the pipeline, which would transport Alaskan crude from the West Coast to the Central and Eastern U.S.

But Mr. Alton Whitehouse, Sohio chairman, said that while the meeting had persuaded the company reconsider the cancellation, he would not commit himself to a new decision to go ahead.

Sohio, a British Petroleum subsidiary, decided to cancel its four-year-old project last week because of delays caused by bureaucratic regulation, environmental obstacles and private lawsuits.

Californian officials were reported to have told Sohio yesterday that they would speed the issue of the last two main permits needed for the pipeline, which has already received over 700 Federal and other State permits.

It was also proposed that the Californian State legislature should pass laws to limit environmental suits against the project.

Representatives John Dingell of Michigan and Morris Udall of Arizona, who attended the meeting, said they would open hearings on April 2 to explore possible legislation at the Federal level to aid construction of the pipeline.

## Grenada wins recognition

BRIDGETOWN, BARBADOS —Barbados and Guyana followed Jamaica yesterday in announcing that they would recognise the new government of Grenada, which overthrew Prime Minister Sir Eric Gairy in a bloodless coup last week.

At the same time the new Grenada leader, Mr. Maurice Bishop, told a mass rally on the island that Sir Eric had formally resigned. "The criminal dictator, who fled to New York, has now formally sent down his resignation," the 34-year-old lawyer announced to a roar of approval from the crowd.

Sir Eric's resignation, if it is confirmed, could clear the way for recognition of Mr. Bishop's New Jewel Movement Government by the smaller Caribbean islands which were meeting in Antigua yesterday. A strong lobby there against giving any legality to Mr. Bishop's Administration was reported.

Last week, a meeting of ministers from the independent Caribbean states had attempted to persuade Sir Eric's deputy, Mr. Herbert Preudhomme, to tender the Government's resignation to Sir Paul Scoon, the Governor General.

This would have allowed Sir Paul to name Mr. Bishop interim Prime Minister, as the man with the most support in the island, thus providing a constitutional framework for the coup.

The smaller islands, only two of which are independent, do not want to do anything which might be construed as giving legality after a coup because they fear that this would encourage opposition groups in their own countries.

Reuter

● David Tonge adds: Britain believes that the question of recognising the New Jewel Movement's Government may not arise. Showing all its customary skills at navigating awkward areas, the Foreign Office made it clear that if Sir Eric has resigned, then the Govenor General's naming Mr. Bishop would mean that formal recognition would not be required.

## New emphasis for Algeria's economy

LAST MONTH'S election in Algeria catapulted the little-fancied Benjedid Chadli (pictured) into the presidency as a compromise successor to the late Houari Boumedienne, and heralded a period of political and economic transition for the country.

Running Algeria without Boumedienne poses unfamiliar problems for his successors who have chosen to adopt a collegiate form of government. Last week's formation of a new Cabinet represents a compromise between the hard-line socialists and the more pragmatic elements

The choices Algeria faces in the post-Boumedienne era are scarcely less crucial than those taken after independence. Poised to emerge during the next decade as one of the world's most important producers of gas, Algeria will play an increasingly significant part in the American and European economies: about 40 per cent of the gas imported into Western Europe during the 1980s will come from Algeria.

So the resultant wealth will be the cornerstone of Algeria's domestic economic development, and Algeria's rulers now have to decide how much of that must be devoted to the major industrialisation programmes and how much can be siphoned off into improving the quality of life for the population.

Officially the watchword is continuity, but politically and economically major changes are unavoidable.

The power-broking and factional conflict which broke out among the chieftains of the army, administration and party (the National Liberation Front —FLN) threw into relief the dominant role assumed by the armed forces in the power vacuum following Boumedienne's death.

President Chadli's triumph testified overwhelmingly to the army's central role as "guarantor of national sovereignty." It blocked Salah Yahiaoui, the party's socialist hardliner whose policies the army feared could prove indigestible both to national and foreign business. However, the initial impression of a clear victory for the moderate faction of Algeria's complex political family has to be revised in the light of the composition of the new Government—in which radicals hold a number of key posts.

The result is a compromise between opposing factions—and the new Cabinet is made up half of technocrats who had already served under Boumedienne and half of new faces.

A key pointer to the resurgence of the radical wing is the appointment of Salah Yahiaoui as co-ordinator of the FLN—a post second only to that of Mr. Chadli and clearly intended as a counterweight to the President. The party line is likely to be further strengthened by the surprise nomination of Mr. Sedik Benyahia as Foreign Minister—ousting Mr. Abdelaziz Bouteflika, one of Algeria's best known envoys for 15 years who now becomes Presidential counsellor.

It is significant that two important ministers associated with Mr. Bouteflika, Colonel Ahmed Draia and Mr. Taybi Larby, also both lost their posts.

A question mark remains over whether President Chadli will retain the important defence post for himself.

Greater question marks hang over Algeria's future economic course. The official watchword of continuity is true in the sense that development will remain dependent on oil and gas revenues for implementation. Algeria's success in exploiting its hydrocarbons resources is the unalterable basis of its economic strategy. Nor are Boumedienne's successors likely to divert from the pragmatic socialism which he pursued.

But a gradual shift in emphasis is already discernible as greater priority is given to infrastructural development and socially important areas, while the previous single-minded devotion to heavy industrialisation will be diluted.

Quite how far the process is taken will be the focus for much debate in Algeria, but there are very persuasive reasons for carrying it a long way. No one in Algeria is unaware of the tremendous risks involved in further sacrifice of improvements to the general quality of life for the sake of concentration on industry.

The cost of this policy can be seen in agriculture and housing. Although only the coastal strip of Algeria is really fertile, the country should be able to achieve self-sufficiency in staple products. But land reform since independence has not benefited production.

The choices Algeria faces in the post-Boumedienne era are scarcely less crucial than those taken after independence, writes Susan Morgan, recently in Algiers.

With population growth running at a staggering 3.2 per cent per annum, provision of food is an increasingly urgent task. So is the construction of new housing. The average Algerian family has six children, and half the population is under 18. But building has been totally inadequate to cope with this explosion. Twelve people to a room is not uncommon, while returning diplomats and businessmen often have to wait years for proper accommodation.

Problems like these (and they include inadequate water supplies, poor food distribution and overcrowded public transport) demand a fresh look at economic priorities. This is already reflected in the budgetary allocations for 1978-79, where major rises in spending go to social and infrastructural projects. But it will also mean putting the brakes on at least some areas of heavy industrialisation. Industrial development has undeniably been pushed ahead too fast, particularly since the boom in oil revenues after 1974.

Algerian planners now realise that a large proportion of the 300-odd manufacturing plants set up under the industrialisation programme are operating at only 15 per cent to 25 per cent of design capacity. There is also a chronic lack of skilled manpower, despite the vast sums poured into industrial projects. The high costs of industrial production quickly disabused Algeria's economic managers of early plans to export machinery to the Third World—although the exceptional growth of the domestic market proved something of a compensation.

The next 10 years will be crucial for the Algerian economy's attempt to break finally out of the ranks of the developing world. Despite the optimism of international financial organisations on political and economic stability, a major short-term problem looms threateningly ahead. Oil exports—currently running at about 57m tonnes a year—are about to start their gradual decline. But it is far from certain that gas exports will expand rapidly enough to take their place without an intervening slump in revenues.

The danger is that this period will coincide with the peak of Algeria's debt-servicing ration, which will absorb nearly a quarter of expected hydrocarbons revenues in the early 1980s. Foreign borrowing to finance development is running at the equivalent of 40 per cent of GNP. While the long-term outlook for gas exports is healthy enough to cope with such heavy indebtedness, there are growing fears that even the IMF and Bechtel (which drew up the master development plan into the 21st century) have seriously underestimated the impact of the approaching resource gap.

With such difficulties on the horizon, the planners are pausing to review the direction of the economy. In official parlance, the economy is now undergoing a "transition" period between the completion of the last plan in 1977 and the implementation of its successor. The new plan was originally scheduled to begin last year, but Boumedienne's death has further delayed its unveiling. It is generally expected that the new and revised plan will be completed later this year and become operational in 1980. In the meantime, unfulfilled targets from the second plan are being met. The keynote for the time being is consolidation of existing projects rather than expansion into new areas.

# 3aby food colouring )an recommended

CHRISTOPHER PARKES

USE of colouring in food ed for babies and young en should be banned, ting to a government com- report published yester-

ban should also apply mical colourants added to y feed to make egg yolks per yellow, and the com- suggests that after fur- work the existing list of in which added colour is den may need to be ex- i.

e are taking a harder line is than some of our EEC ers have done," Dr. L. Weedon, chairman of 'ood Additives and Con- ants Committee, said in n.

a general rule, the com- felt that if additions were solely for colouring, and nutrition, purposes, they l be carefully scrutinised. vever, there were major tions covering consumer preferences, foods such as boiled sweets and ice lollies which would be colourless without some additive, and cases where it was necessary to restore colour to products whose natural colour had been destroyed or affected in processing.

Most baby foods sold in the UK do not contain colourings, but, the report says, "we think that the manufacturers' self-imposed ban should be given statutory effect."

In some parts of the EEC citranaxathin is authorised for use in chicken feed to colour eggs and flesh. The committee was asked to extend this authorisation to Britain but refused.

An associated report, from the Committee on Toxicity, said there was concern over the possibility of deposition of the colouring in cartilage and teeth in growing children.

The ban on colours in baby foods was proposed because the committee was not sure that the metabolic processes in young children were sufficiently developed to handle the additives.

The committee also argues against permitting the continued use of methyl violet for marking meat and citrus fruit. The toxicity report on this substance says: "The information on all aspects is inadequate for assessment."

Dr. Weedon, who has been working on the report since 1974, and expects to continue for "a matter of years" before the study is complete, also said that there was room for improvement in the specifications for colourants laid down in EEC rules. New analytical methods had been developed since the Common Market list was drawn up in 1962, he said.

"A lot has happened since then, particularly in respect to our ability to detect impurities," he said.

Most colours are produced by chemical reactions and it is now possible to reduce the amounts of residues and by-products.

*Interim Report on the Review of the Colouring Matter in Food Regulations, 1973. HMSO, £4.75, £5.07½ by post.*

# 'rivate developers eek council houses

MAURICE SAMUELSON

Greater London Council received inquiries from nercial companies inter- in purchasing some of its ng developments, Sir ce Cutler, the GLC's leader, yesterday.

e series of inquiries ved the purchase of two ecified tower blocks of il flats. In addition, two private developers had l to buy the Prospect estate ushmore, Hampshire, con- ig mostly of houses.

wever, Sir Horace denied the GLC would sell public s for anyone to make a If anyone's going to make a t, we'll do it." Such sales required a policy decision, h had not yet been taken.

r Horace was speaking at a s conference, together with George Tremlett, leader of the GLC housing policy committee, to announce that the GLC intended to increase its programme of selling council houses despite curbs on such sales by Mr. Peter Shore, Secretary for the Environment.

They said they had found loopholes in Mr. Shore's directive, announced on March 5. Mr. Tremlett, introducing a report to be considered by the housing policy committee next Monday, said the Council would continue to sell council homes in the "certain knowledge that there are many ways of so doing that the Secretary of State has failed to prevent through the poor wording of his dictat."

Since the policy was launched two years ago, sales had been agreed on 9,500 properties. Mr. Tremlett said that only 7½ per cent of these sales had gone to open market purchasers.

# nstitutions' liquidity ;rows by 11% in year

)Y DAVID FREUD

: LIQUIDITY of the major ncial institutions has nded by 11 per cent. in the year, in spite of substantial chases of gilts in this rter, according to City stock- ers Capel-Cure Myers.

i its latest economic circular, firm says that the liquidity he big institutions will stand about £6.1bn at the end of ch, compared with £5.5bn a r earlier.

he main contributors to the eased liquidity are the rance companies, whose inflows over the current ncial year are estimated at ut £4.8bn, or 30 per cent her than a year ago.

Pension funds had net inflows about 12.5 per cent higher than in the previous year, at £3.6bn. Their liquidity position was practically unchanged.

Building societies showed an unchanged liquidity position at £2.3bn. Over the year net inflows fell, but mortgage lending was maintained at a high level.

The firm says that in the 1979-80 financial year the supply of funds from the personal sector to the financial institutions is expected to be buoyant, so the financing needs of the public sector—at a borrowing requirement of £9bn or less—could be met at interest rates lower than those now prevailing.

# New airport complaints procedure 'unnecessary'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

E BRITISH Airports thority does not believe that erests of passengers passing ough its airports could be ter represented by a new itral statutory body, remote m the airports.

t believes that the existing port Consultative Commit- s, with their associated ssenger Service Groups, are best vehicles for the proper ndling of consumers' com- ints, and it "looks forward their continual evolvement d improvement in their vital e."

These points are made by the thority in a memorandum bmitted to the Select mmittee on Nationalised dustries.

It says that, in its experience, e vast majority of adverse mments relate to specific air- rts "and we consider that dissatisfied consumers receive prompter and more relevant attention by dealing with the local management."

The authority makes a distinction, however, between consumers' interests at airports—which are its direct concern—and in air transport generally, which involves the airlines.

It accepts that while it must have an overall concern for all passengers and other users of its airports, complaints about airlines should be referred to the airline concerned. The airline should first be given the opportunity of satisfying aggrieved customers, it considers.

If the customer fails to get satisfaction from the airline, the complaint can then go to the Air Transport Users Committee.

;ONTRACTS

# McAlpine wins £8½m Northampton highway

IR ALFRED McALPINE SOUTHERN), Wolverhampton, as won an £8½m contract to uild an 11 km dual carriageway oad between Wellingborough nd Northampton, for Northamp- onshire County Council. Work tarts in May and should be nished in 1981.

★

'irst UK order for BURROUGHS' argest system in its 800 series, he B7800, has been placed by CI's pharmaceuticals division. The order, for twin entry-level processors with 4.7 megabytes of shared memory, is worth £2.4m.

★

Decca Radar has placed an order worth about £1m with MICRO CONSULTANTS for highly specialised interface units to be incorporated in the advanced radar system of the new Multi Role Aircraft (MRCA).

★

HADEN YOUNG has won a £325,000 contract from Town and City Properties Group to design and install electrical and mechanical services in the second phase of the new Arndale shopping centre at Poole, Dorset.

★

M L AVIATION, a subsidiary of M L Holdings, has won an export order worth in excess of £300,000 from the Royal Danish Navy for the supply of helicopter handling and retraining systems.

FT WORLD ELECTRONICS CONFERENCE

# Too much pessimism, says Prior

BY MAX WILKINSON

A CONSERVATIVE Government would continue to use taxpayers' funds to stimulate the electronics industry, although it would not wish to make direct investments in companies. Mr. James Prior, Opposition spokesman for employment, said yesterday.

Mr. Prior was speaking at the *Financial Times' Tomorrow in World Electronics* conference in London. He praised the present Government's scheme for stimulating awareness of the applications of microprocessors, and said it was a government's duty to create favourable conditions for the expansion of the electronics industry.

It should do this by enabling the best companies to reap rewards for expansion, and by "pump-priming" this sector of the economy.

Mr. Prior said: "I would like to think the next Conservative Government will not seek to spend money directly invested, but instead to make space for companies to act on their own account. We will seek to liberate, and, above all, to reward the winner."

There was contradictory evidence about how the new electronics revolution would affect employment. "Some people are saying there are going to be millions unemployed, others are saying that, if we make proper use, we can easily see an expansion in employment."

He thought there was too much pessimism about employment prospects. In the last five years in the U.S., an additional 10m jobs had been created, and the U.S. was a more advanced society than Britain. "Then surely we ought to be able to do something more here than we've done up till now."

He suggested a three-point plan for a future Conservative Government which would involve:

- an encouragement of retraining, possibly with the establishment of an "Open Tech" to supplement the efforts of the Open University.
- Efforts to stimulate courses in schools on the subject of electronics, microprocessors and computer programming. Mr. Prior said that the French Government had put 10,000 microprocessors into schools, but in Britain most secondary schools had little experience of this new branch of technology.
- Governments should provide a "bolt hole" for the residual unemployment which the electronic revolution would cause.

In these efforts, central government should be helped by individual companies acting at a local level.

Earlier, Dr. Ian Mackintosh, chairman of Mackintosh Consultants, gave the conference an analysis of three possibilities for the development of employment in the UK electronics industry.

In general, extra jobs could be created only by the advance of technology. However, the number of jobs which would be created in the UK industry would depend on the interplay of three factors: the expansion of markets for electronic goods, the expansion of production and the productivity of workers.

The industry would expand only if productivity increased in line with what overseas competitors were achieving. Otherwise, it was doomed. But high productivity implied the creation of relatively fewer jobs.

The UK was faced with three paths. In the best case, jobs in the electronics industry would almost triple in the next 10 years to 1.4m.

In the worst case, jobs would be halved to about 250,000.

The most probable projection was for a 20 per cent increase in employment to 600,000 in the industry by 1988.

Dr. Fritz-Rudolph Guentsh, deputy secretary of the West German Ministry of Research and Technology, said that the social and employment implications of the use of micro-electronics were major topics of concern in Germany today.

It had been estimated that about half of Germany's labour force of 25m people would be affected by the electronics revolution in the next decade or so.

While the new technology should be encouraged, a number of safeguards were necessary:

- to ensure that industry and administration did not become too vulnerable to the failures of information technology (through breakdowns or strikes);
- systems must be kept simple enough for ordinary people to handle them;
- the privacy of information needed to be protected;
- efforts must be made to ensure that small firms, craftsmen's businesses and individuals could still obtain access to the computerised information which they needed;
- efforts must be made to prevent computers from dehumanising the work-process in factories and elsewhere.

Mr. Alan Williams, Minister for Industry, warned that there was a risk that British society could waste its time asking irrelevant questions about whether electronics technology should be developed.

"We have already wasted time, and, having fallen behind, may fall further behind in our equivalent of a medieval disputation over a question which should never be asked in the first place.

"There is no alternative to adopting the technology, or there is the alternative of national economic industrial suicide."

The scaremongering about the possible loss of jobs might obscure the fact that even more jobs would be lost if advantage were not taken of the new technology.

Mr. Williams referred to the Prime Minister's statement that a possible £400m could be made available over the next few years to develop micro-electronic technology and its applications, but he was worried about the unawareness of the opportunities in many parts of industry.

"The fact is that, of our top 1,000 companies, only 8 per cent have plans to apply the new technology to their products."

Of all electronic components used in industry, only between 10 and 13 per cent in Britain were integrated circuits, about half the proportion found in the U.S.

Even more revealing, sales of the international catalogue of integrated circuits were 20,000 copies last year in the U.S., 3,000 in Japan, 15,000 in France, but in Britain only 350.

There was still a depressing lack of awareness on the part of businessmen of the immediacy of the threat hanging over them and their companies.

It was to combat this lack of awareness that the Government's programme had been launched.

# UK NEWS

## Texaco in $400m Tartan Field deal

By Kevin Done, Energy Correspondent

TEXACO, the U.S. oil company, has arranged a $400m loan through a consortium of U.S. and UK banks to finance development of the North Sea Tartan Field.

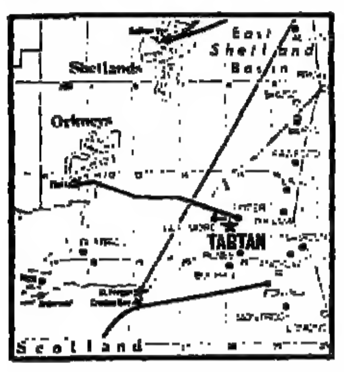
It is one of the largest North Sea financing loans arranged in recent years.

Morgan Guaranty and Barclays Bank International have acted as joint managers for the 11 banks.

Six UK banks are involved: Barclays, National Westminster, Midland, Lloyds, the Bank of Scotland, the Royal Bank of Scoltand. The U.S. banks, apart from Morgan Guaranty, are: Citibank, Chase Manhattan, Manufacturers Hanover, and Chemical Bank.

Texaco, one of the most secretive of the U.S. oil companies, has insisted that no terms be disclosed. It is understood, however, that the rates are very competitive and that other currencies apart from U.S. dollars might be involved.

The Tartan Field is small by North Sea standards, with recoverable reserves of about




250m barrels. It is mainly in block 15/16, between the Piper and Claymore Fields, about 117 nautical miles north-east of Aberdeen.

The field was discovered in 1974 and is to start production next year. The steel platform jacket is under construction at the UIE yard in Cherbourg and is to be floated to the field in the spring.

The platform is designed for a production rate of up to 89,000 barrels a day of crude oil and natural gas liquids and 60m cu ft a day of natural gas. Peak oil production is unlikely, however, to be much more than 65,000 barrels a day. That might be sustained for four years.

The complete development will cost about £250m, Texaco said yesterday.

Oil from the field will be piped to Flotta in the Orkneys by the Occidental group's Piper pipeline, and gas will be transmitted along a spur-line to the Frigg field gas trunk-line.

The other main outstanding North Sea financing deal concerns the Beatrice Field. Some partners have agreed loans but the future of some companies in the Beatrice group is uncertain, and some may soon sell their interests.

Financing is also being sought for the Brae Field, but no development approval has been sought from the Department of Energy. The Maureen Field is under development, but the main partner, Phillips Petroleum, might decide to finance the deal internally.

## British Shipbuilders living on a knife-edge, MPs told

BY LYNTON McLAIN

A SELECT COMMITTEE of MPs was told yesterday by Mr. Michael Casey, chief executive of British Shipbuilders, that Britain's shipbuilding industry faces a "precarious future, is in a dangerous position and is living on a knife-edge from day to day." The corporation is expected to make a loss of £47m for the financial year to the end of this month.

Mr. Casey said the corporation had been unable to make much use of the Government's Shipbuilding Intervention Fund so far this year, since Japan, Belgium and other countries had started to offer credit terms which Britain was unable to match.

There is only a few months of work left in Britain's shipyards. Work is fast running out and the management of British Shipbuilders is under strain in the marketing department in the face of powerful competition from the Far East.

The select committee on nationalised industries, which is investigating the state-owned corporation, was also told by Mr. Casey that British Shipbuilders had lost manpower from its design departments to other industries. This was a most worrying aspect, Mr. Casey said.

He was asked about the costs of running a headquarters building in Newcastle upon Tyne and an office in London's Knightsbridge, which housed the marketing departments. Mr. Casey said he did not have these overhead costs at his fingertips and "it would be quite an exercise to cost them."

### Seriousburden

Mr. Maurice Elderfield, director of finance, said a written answer would be more appropriate for giving the cost of overheads at the headquarters.

But Mr. Casey did say that the existence of the two offices created a "most serious burden and a great deal of stress on members of the corporation as a result of the travelling involved."

He added: "There could be a time when it would be better to move the headquarters to London."

Mr. Mike Thomas, Labour MP for Newcastle upon Tyne East, said the headquarters had created overheads for which there had been no reward.

The corporation faced problems of getting personnel for the board and there was still no board member for engine building. Mr. Eric Varley, Secretary for Industry, had given his approval to a corporation plan to recruit expertise from the City and financial institutions.

Mr. John Parker, the corporation's member for shipbuilding, said he favoured a scrap-and-build scheme where one new vessel would be built for every two scrapped. He gave no indication when, if ever, this scheme would be introduced to help alleviate the shortage of orders.

Mr. Parker said that it would be quite impossible to sustain the British merchant shipbuilding industry through an increase in warship building. There had been some support from the Ministry of Defence in advancing new orders for warships, but this solution had now been "exploited to the utmost."

Admiral Sir Anthony Griffin, chairman of the corporation, said the revolution in Iran would probably not have too serious an effect on the five ships now outstanding for the Iran navy. A support vessel is being built at Swan Hunter on the Tyne, and four logistics vessels, worth £58m at Yarrow's yard on the Clyde.

### Working hours

Progress payments, understood to be up to £28m, had already been made, but work had started on only two of the logistics ships.

Admiral Griffin said the corporation hoped to achieve a 20 per cent improvement in productivity at the shipyards. At the moment, the average worker spent only five hours of the eight-hour shift each day working.

● Mr. Jack Daniel has joined the Board of British Shipbuilders as the member responsible for warship building. He is at present director-general (ships) at the Ministry of Defence, Bath.

Mr. Bill Richardson, the chief executive of British Shipbuilders' Vosper Thornycroft company, is to remain as a part time Board member for warships within the corporation.

## NEB backs group for underwater engineering

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE NATIONAL ENTERPRISE Board is backing a major grouping of underwater engineering interests which are based on various assets acquired from the Vickers group.

Agreement in principle has been reached for the setting up of a new company which will be known as British Underwater Engineering (BUE). The Enterprise Board is taking an 89 per cent share in BUE, which will have an initial equity of £6m, while the balance is being taken by Brown and Root (UK) with a 10 per cent share, and Wharton Williams (one per cent). Brown and Root (UK) is owned by the Halliburton group, making this the NEB's first venture with an American company.

An important feature of the new project is that these two companies will provide BUE with management and marketing expertise. Both companies will therefore be given the opportunity to increase their shareholdings in BUE up to a maximum of 24.5 per cent each if the project achieves a certain, as yet unspecified, return on capital employed. The period envisaged for this expansion is between five and 10 years.

### Cuts of 25%

The BUE group, which will be based in Aberdeen, will own and operate manned submersibles and associated support ships. This activity was the core of the Vickers offshore engineering division, which made a loss of nearly £6m last year.

The new management which the NEB is putting in will cut the size of this operation by between 25 and 50 per cent. As a result of this and the facilities offered by the two new partners, the National Enterprise Board believes that it can be made profitable.

At the same time, BUE is also taking over Vickers Slingsby, which employs 300 people making a range of underwater vehicles, as well as having a high reputation for its research and development facilities.

### North Sea

BUE will also include Vickers-Intertek, which is developing a subsea wellhead encapsulating chamber. Negotiations are continuing with a view to finding other partners for this activity.

The Enterprise Board says it made the decision to back underwater engineering in the belief that there should be a British presence in this type of activity, both in the North Sea, and in offshore operations in other parts of the world. These are still at the exploration stage.

The chairman of BUE is Mr. Ric Wharton who, with Mr. Malcolm Williams, is co-owner of Wharton Williams. BUE will be managed by Wharton Williams (2W), a joint venture between Wharton Williams and Taylor Diving and Salvage Inc., which, like Brown and Root, is a member of the Halliburton group. The managing director is Mr. David Sadler, from Brown and Root.

## Targets still vex public sector

BY ROY HODSON

A MEETING between heads of the nationalised industries and Mr. Denis Healey, the Chancellor of the Exchequer, and Mr. Roy Hattersley, the Prices Secretary, has apparently done nothing to close the rift between the State industries and the Government over the question of financial targets for the nationalised sector.

The Ministers listened to complaints from representatives of the Nationalised Industries Chairmen's Group that the new row over electricity prices is damaging to the whole concept of State industries working to targets. No promises of Government action were made.

At issue is the Government's willingness to allow the Price Commission to freeze the price of domestic electricity for up to three months from April while making an investigation.

In February, the State industry chairmen, through their group, received a written promise from Mr. Healey that the Government intended to give priority to the nationalised industries' financial targets, and that any proposed action by the Price Commission that might interfere with those targets would be over-ruled.

The nationalised industries were represented at the latest meeting by Lord Beswick, chairman of British Aerospace, Sir Charles Villiers, chairman of British Steel, Sir Peter Parker, chairman of British Rail, and Sir Derek Ezra, chairman of the National Coal Board.

After a general discussion on the economy, the chairmen raised the specific matter of the electricity price freeze on the grounds that such an action by the Price Commission must have an impact upon the principle of nationalised industries working to meet their financial targets without interference.

Mr. Joel Barnett, Chief Secretary at the Treasury, reaffirmed the importance of cash limits for public sector industries.

The nationalised industries' representatives claimed they were "being made to play to two sets of rules." The ministers were warned that the area electricity boards would find great difficulty in meeting their individual financial targets because of the Price Commission freeze.

● NEWS ANALYSIS—THE CHANGES AT P & O

## Behind the decline in ship numbers

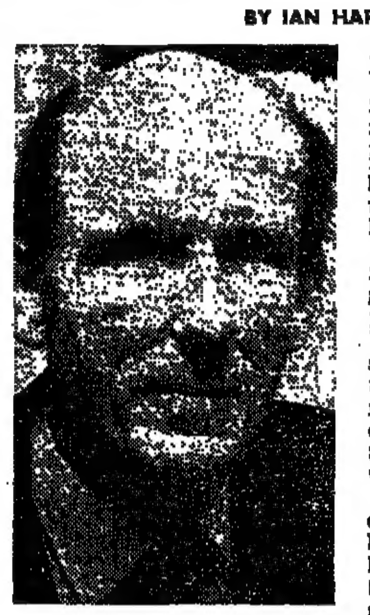
BY IAN HARGREAVES

TWENTY YEARS AGO one of the many proud boast of the P & O shipping company was that it owned a ship for every day of the year.

At the end of 1978 the number was down to 103. Today the figure is 98, and a programme of four deliveries of new vessels this year will be more than offset by further sales of older ships, mainly general cargo-carriers.

Of course the main reason for this rapid decline in numbers is the changing technology of shipping, with a move to much larger and faster vessels throughout the period.

But the fall-off in the number of P & O ships is something often referred to both inside and outside the company when shipping men are ruminating about the decline of the merchant navy in strength and status.



MR. SANDY MARSHALL
Boardroom disagreement

### Resignation

P and O is the shipping industry's flagship. It is the largest and best-known company, and the only one which retains an interest in the whole range of shipping services, from luxury passenger cruisers to ferries, tankers, bulk-carriers, containerships and gas-carriers.

So the news that Mr. A. B. "Sandy" Marshall, who has been executive head of the company since 1972 and a key management figure for much longer than that, has resigned from the company after boardroom disagreements, could be of wider significance for the industry.

Mr. Marshall's departure was not unexpected. When the first public notification of the company's seriously deteriorating financial position was made with P and O's half-year results last September, Lord Inchcape, until then the group's non-executive chairman, moved in as full-time chairman.

Those results showed six-month pre-tax profits at £1.12m, compared with £26.9m in the same period of 1977.

Mr. Marshall remained sole managing director, but was "freed to supervise and co-ordinate the company's operations." Then in January, his status was further reduced to co-managing director alongside an old colleague, Mr. Richard Adams.

This left Mr. Marshall in charge of the general and bulk shipping divisions, Australian interests, and energy.

It is in this last area that the boardroom disagreements referred to in yesterday's announcement have been sharpest. Lord Inchcape, facing the task of generating sufficient cash to take P&O through at least two extremely difficult years, had to find things to sell.

He appears to have concluded, although this is still not confirmed, that the energy interests, a 15 per cent stake in the Beatrice Field, a supply base at Montrose and various activities in North America, represented both the most saleable assets and those without which P&O could best prosper in the longer term.

Mr. Marshall disagreed. He felt that asset disposal in the group's property division were preferable, and that the tie-in between energy and transport should be consolidated, despite the fact that the division lost money last year, and its heavy cash requirements in the next two-to-three years as Beatrice was developed.

This was probably the main difference of policy view between Mr. Marshall and Lord Inchcape, although those close to the Board say that specific policy disagreements were less important in Mr. Marshall's departure than pure clashes of style. Mr. Marshall, a tough-thinking and autocratic Scot, did not find it easy to act as a co-driver.

Certainly it would be wrong to suggest that the resignation under presure of Mr. Marshall implies major changes in direction for P & O.

It is necessary only to look at those who have replaced him to see that. Mr. Adams, who becomes deputy chief executive, is three years older than Mr. Marshall and has a background of remarkable similarity: the old Mackinnon, Mackenzie company, the British India Steam Navigation Company, and then P & O.

The same can be said of Mr. Harry Spanton, former head of P & O Cruises, who now becomes a managing director.

The exceptions in the new appointments are Mr. Oliver Brooks, also appointed a managing director, very much a Lord Inchcape man, having spent 26 years with the Earl's multinational family trading company, Inchcape.

The newcomer is Mr. Malcolm Paris, whose background is in Bovis, the property company which P & O took over in 1974.

It was the Bovis affair which brought Mr. Marshall to the top, when he teamed up with Lord Inchcape in 1972 to fight off a bid by Bovis to take over P & O, sensationally turning the tables less than two years later.

Since then the group has had an uphill struggle to make Bovis profitable, but the subsidiary is now one of its strongest areas.

Elsewhere in P & O, the situation Mr. Marshall leaves behind, and which will be shown in what are expected to be very poor year-end figures indeed in six weeks time, is strewn with problems.

The biggest headache continues to be the fleet of ten gas-tankers, and in particular the four German-built vessels ordered speculatively in 1974.

The last of these, the Garala, is due for delivery shortly, and will join the other £40m ships trading either on the spot market or on medium-term charters, and having very heavy losses.

Forecasts vary on when these vessels, whose final price was seriously inflated by adverse currency factors, will start making money.

The group has tried various moves, such as lease-back arrangements, to soften the effect on the balance sheet, and has desperately sought tie-in arrangements with liquid petroleum gas producers.

The rest of the bulk shipping division, which has an extremely high reputation in the industry, has started to improve performance on the back of slightly higher but still recession-level freight rates. Without the gas ships, the division would have a reasonable prospect of making money this year.

## Navy to buy VT2 for quarter of building cost

FINANCIAL TIMES REPORTER

THE ROYAL NAVY is to buy Vosper Thornycroft's last hovercraft, the VT2, for £1m, a quarter of the building cost.

The craft will be delivered to the Navy on April 3 and will be used to evaluate the role of hovercraft as support craft for the new Brecon Class of offshore patrol ships.

Vosper Thornycroft built only two other hovercraft, the passenger carrying VT1s at its Fareham, Hampshire, yard. These were used on routes between Denmark and Sweden but have since been scrapped.

The company, which is part of the State-owned British Shipbuilders, has no more hovercraft orders, but is working on new designs aimed at export markets.

## Little prospect of profit in aviation insurance

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AVIATION INSURERS are experiencing another difficult year, with little prospect of profits in underwriting, according to Mr. Graham Willett, retiring chairman of the Aviation Insurance Offices Association.

Much aviation business has been accepted on a long-term, non-cancellable basis, at inadequate rates, with provision for substantial returns of premiums for risks that avoid heavy losses.

Even if further spectacular losses, such as that at Tenerife when two Boeing 747 jumbo jets collided on the runway, do not occur, there is still little prospect of underwriting profits.

Market experience, Mr. Willett adds in his annual report, could not justify the further rate reductions that have become available in spite of the Tenerife loss.

Indeed, competition has intensified, and premium income will be further diluted by the payment of "good-experience returns" and profit commissions.

## Intervention call for industry

Financial Times Reporter

THE FABIAN Society called yesterday for more effective Government intervention to prevent Britain's manufacturing industry from declining further.

Mr. Tom Sheriff, a research officer at the National Institute for Economic and Social Research, argues in a pamphlet published by the society that the manufacturing must concentrate more on high-technology products.

The UK, he says, will be unable to compete with emerging Third World countries at the cheap end of the market.

This country's manufacturing base is shrinking and, more seriously, is not being adequately replaced by marketable services.

Possible export-earning substitutes such as tourism and insurance form a large but declining share of a slowly growing world market. Inward investment is insufficient to plug the gap in the UK's balance of payments left by declining manufacturing exports.

Mr. Sheriff concludes that the UK is left with a manufacturing sector too small to finance imports. Manufacturing investment is inadequate, he argues, not because the public sector uses up scarce resources but because an aggressive, planned industrial strategy is lacking.

Import controls will be needed, or massive devaluation, to support the recovery of manufacturing and save it from destruction by imports.

## Docklands development planned by Fraser Wood

BY PAUL TAYLOR

A £4m speculative private industrial development is to be undertaken in London's docklands by Fraser Wood Properties backed by the Philips and Pye pension fund.

Details of the 8.5 acre development scheme in Greenwich — the largest private development planned for docklands to date — were announced yesterday and mark an important achievement for the Docklands Joint Committee strategy for re-vitalising the 8.5 square miles of derelict docklands.

The site, which is fully serviced, is close to the Blackwall Tunnel approach road and is therefore an attractive private investment site in its own right.

However, it is the first investment in docklands undertaken by either Fraser Wood, a member of the Deacon Group, or the Philips and Pye pension fund and is therefore seen as an indication that the uncertainty over docklands future — and the reluctance of private investors to become involved in the area — is slowly being overcome.

The site, which adjoins a partnership development involving the Greater London Council, will be developed in two stages and is expected to provide 12 units of industrial and warehouse space

Mr. Horace Cutler, Greater London Council leader, and Sir Hugh Wilson, chairman of the Docklands Joint Committee, both welcomed the development.

## Britain 'should base EMS formula on Italian pattern'

BY OUR ECONOMICS STAFF

THE BEST transitional formula for future British participation in the European Monetary System would be based on the wider 6 per cent exchange rate band negotiated by Italy.

This is argued by Mr. Samuel Brittan, the principal economic commentator of the Financial Times, in a special article in the World Economy, the journal of the Trade Policy Research Centre.

He says that "one great advantage of such a wide band is that the exchange rate would for all intents and purposes continue to float, whether cleanly or dirtily, during the transitional years.

"The essential accompaniment of a moving band would be a series of declining annual monetary targets over a three-year horizon to reach a level low enough to accept full EMS obligations and to do so without leaning on the Germans to inflate.

"One of the worser courses would be for Britain to at any time join without any internal monetary adjustments — or to make such adjustments conditional on the success of pay policy.

"The result—if the exchange rate could be held at all—would be a period in which British industry became uncompetitive internationally, followed by a crisis and a sudden devaluation. British membership could not survive more than a couple of such lurches."

In another article, Mr. Nobuyuki Yamamura of the Long-term Credit Bank of Japan, argues that South Korea seems to be the only third world country likely to catch up with the western industrialised countries before the end of the century.

He emphasises the effective use of foreign resources, the existence of very competitive industrial groups and the contribution of a high quality labour force.

*The World Economy, volume 2, number 1. Trade Policy Research Centre, 1 Gough Square, London EC4A 3DE.*

## Morecambe gas terminal decision set for June

BY RHYS DAVID

BRITISH GAS hopes to announce its choice of a site for a terminal to handle gas from the Morecambe Bay field, in the Irish Sea, in June.

The gas authority said last July that the field, which has reserves of between 2 and 3 trillion (million million) cubic feet, would be developed. It has since considered six possible sites— south east of the Lune estuary, between Glasson and Cockerham, the vicinity of Preesall Pillings, the south bank of the Ribble estuary, the Dee estuary next to Shotton, and south of Heysham.

British Gas said yesterday it had asked the planning authorities covering these areas for any comments they may have on town planning aspects of developing a terminal — likely to cover 300 acres — within their boundaries.

Site development is likely to cost several hundred million pounds. Relatively few jobs will be created at the terminal, however, which will serve mainly as a landing point for the gas which will then be linked by pipeline to the national transmission system.

## 'Tenants' charter' to be published today

BY PAUL TAYLOR

THE GOVERNMENT will today publish its long-awaited Housing Bill, the central feature of which is the controversial "Tenants' Charter," giving council house tenants many of the same rights as those in the private sector, including security of tenure.

Because of uncertainty about the Bill ever reaching the statute books, it is increasingly being seen as a statement of Labour Party intent and an electoral counter to aggressive Conservative policy on council house sales.

While the Bill is thought unlikely to contain any major surprises — its outlines were sketched in the November Queen's Speech and subsequent consultation papers have filled in many of the details—it will mark a major new Labour Party approach to local authority housing.

It will provide a package of new legal rights for council tenants and other occupiers of public sector housing, including a security of tenure broadly on the same lines as in the private sector. It is also expected to extend the right to home improvement and repair grants to public sector tenants.

Councils will be required to publish details of their house waiting lists while tenants will be given the right to take in lodgers. Other rights and obligations will be set out in a written agreement.

The Bill is also expected to contain controversial clauses setting up a local authority mobility register of homes to ease the residential qualifications for council housing and provide greater freedom of movement for public-sector tenants.

A new council house subsidy scheme designed to assist local authorities in areas of housing need will be introduced to enable councils to set rent levels, subject to the condition that average rents do not increase faster than average incomes.

The Bill will also enable local authorities to keep mortgage interest rates in step with the building societies and will make it easier for home buyers to switch in and out of the Government option mortgage scheme.

Mr. Peter Shore, Environment Secretary, is expected to push the Bill through the House quickly—if the Government survives the next few weeks—on the basis that it represents a key element in the Labour Party's election hopes.

Mr. Hugh Rossi, Opposition spokesman on housing, yesterday continued his recent explanation of future Conservative housing policy with a statement on home improvement policy. He said the improvement of existing homes would be a "central aspect" of Conservative housing policy, and attacked the Government's failure to encourage home improvements in the private sector. Action was now needed to "arrest the decline" in the number of unfit homes.

Mr. Rossi called for measures to improve the take-up of improvement grants and urged councils to "cut the red tape" surrounding grants.

## Double world record for VC

SALEROOM

BY PAMELA JUDGE

AN EXTRAORDINARY £17,000 was paid for a Victoria Cross at Sotheby's yesterday. It is double the world record for the medal. The buyer was Hayward.

Described as "an outstanding Canadian Victoria Cross group for the Great War awarded to Captain George Burdon McKean, VC, MC, MM," the set formed part of a sale of medals totalling £117,819. The citation quoted in the catalogue does not state where Capt. McKean, who was born in Co. Durham, won the medal.

Another VC, won by Gunner James Collis, Royal Horse Artillery, in the Afghan War, but forfeited in 1895 after he was convicted of bigamy, went to Spink for £5,800.

The same house held a sale of British paintings dating from the 16th-19th centuries which made £722,950. A view of Henley from the Wargrave Road by Jan Siberechts was sold for £90,000, a record for the artist.

McConnel-Mason was successful at £30,500 for a portrait of William Prinsep and his wife Mary by George Chinnery and Fritz-Denneville gave £25,000 for a view of Hampstead Heath by John Constable.

The second day of the sale by Sotheby's of the contents of Britwell House, home of Mr. David and Lady Pamela Hicks, amounted to £149,249, bringing the total to £383,041. The top price was £15,000 for a pair of brightly enamelled Ch'ien Lung figures of pheasants.

At Christie's there was a record total for a London silver sale, £515,270 for 39 lots, and a record price for a single lot of English silver sold at auction in the capital, £260,000 from Koopman for a 185-piece dinner service by Paul Storr of 1806 and 1807.

A silver plaque owned by Jane Starkey, the international three-day event rider, was bought by the Rijksmuseum, Amsterdam, for £75,000. The 1607 plaque representing the Adoration of the Shepherds was the work of Paul van Vianen, the Dutch silversmith.

Against a pre-sale estimate of £100 by Bonhams, a Washington, U.S. dealer gave £9,500 for a collection of 100 photographs of scenes in Rome, Florence, Pisa and other places.

هكذا من الأصل

# New–The SAAB 900

SAAB 900 GLE

# Born to Lead

## Leading in Performance

The SAAB 900 has the power of a leader. The outstanding turbo-powered models give two litre efficiency and power in the high performance–plus league, *(145 bhp din)*. It's exhilarating, reliable and unusually satisfying to drive. The fuel injection EMS and GLE models *deliver a powerful 118 bhp din. The twin carb. 2 litre GLS models* at 108 bhp din will give you executive-style cruising at motorway speeds. The single carb 2-litre model 100 bhp din gives you comfortable motoring. Rally proven, the SAAB 2 litre engine is a superb example of the best in Swedish engineering.

## Leading in Driveability

The SAAB 900 enforces new levels of road holding and handling.

It is designed to obey your every command. Designed so you experience complete control. Front wheel drive gives increased traction. Steering geometry advances reduce lateral acceleration or "body swing".

This means safer, relaxed motoring and increased comfort for passengers.

The steering is more responsive and the directional stability gives consistent behaviour regardless of road conditions and load.

On the turbo and automatic models you'll find power-assisted steering as standard. But not just any power steering. At speed our power steering gives you the same response and control as a SAAB 900 without P.A.S. *You'll only notice it when you need it,* in town or parking.

## Leading in Comfort

**A remarkable SAAB 900 first is the filtering of all air entering the driver/passenger compartment. A new filter removes most contaminates even pollen. So inside the SAAB 900, the air you breathe will be cleaner than that outside.**

The unique air filter can easily be removed when necessary. Also our designers have allowed for possible air-conditioning needs.

The SAAB 900 is roomy and spacious. To give some idea, it's slightly longer than the Rover 3500. But inside you'll notice the difference—velour upholstery and trim, exude luxury. On the top models there's even seat belts and head rests for the rear passengers.

The heating and ventilating system is also unique. It provides a constant level of warmth—once set—through outlets including a demister for the side windows. Exceptional sound insulation will protect you from the hassle of the outside world.

## Leading in Driver Control

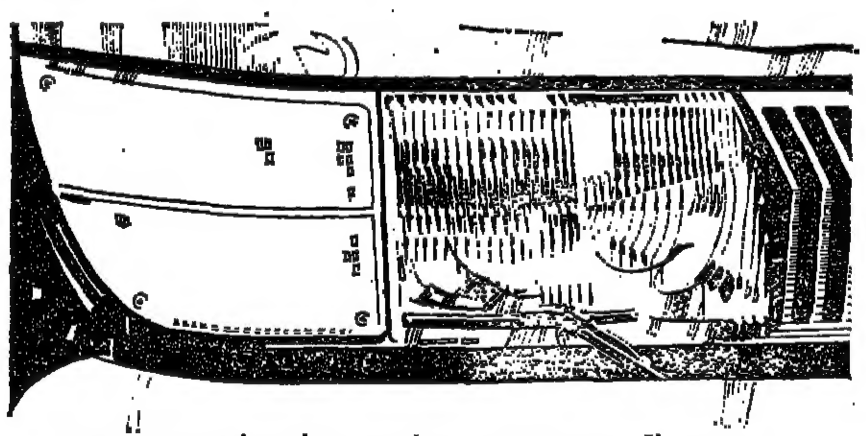
The driver's environment gives you real control. The new curved dashboard allows you to reach all controls and *switches without any body movement.* High level, anti-glare instruments, give at-a-glance readings. The seat, gives total driver support. It is fully adjustable, not just for horizontal positions and rake but *also height and slope, and on some* models a heated driver's seat is standard.

## Leading in Safety

The SAAB 900 incorporates many new safety features. Including further developments of the steering wheel designed to actually help prevent injury rather than just reduce it.

A unique mesh bellows mounted on the steering column acts as a cushion in the event of a serious collision. Another unique development *below the dashboard,* protects knees and legs. And the *staged crumple* zones backed up with the most rigid passenger safety cage really protects those inside.

All SAABs have disc brakes on all four wheels. A diagonally split-braking system and semi-metallic outside front brake linings *(another SAAB first)* give increased efficiency.



The new SAAB 900 is an exceptional car. All models include other SAAB firsts as standard i.e. headlamp washers and wipers, efficient energy-absorbing bumpers, heat and sound insulation roof lining. The rear seats of the 900 will fold down to give you over 6 feet of flat loadspace and there's no awkward sill to lift over. Inside is a cavernous 53 cubic feet of luggage space.

*The SAAB 900 is a very advanced car but words can tell only so much.*

For such a car, driving is believing, so why not take advantage of our no-obligation test drive offer at any one of our nationwide network of enthusiasts. You'll soon appreciate why the SAAB 900 is the car. **Born to Lead.**

## The SAAB 900 Range

| | | |
|---|---|---|
| **3 dr GL** | 2 litre hatchback single carb. | **£5,525** |
| **3 dr GLS** | 2 litre Hatchback + twin carbs. | **£5,775** |
| **3 dr GLS Auto** | Power steering as standard | **£6,225** |
| **5 dr GLS** | 2 litre Hatchback + twin carbs. | **£5,995** |
| **5 dr GLS Auto** | Power steering as standard | **£6,555** |
| ***3 dr EMS*** | *Sports coupe hatchback. Low profile tyres alloy wheels* | ***£6,995*** |
| **5 dr GLE** | Fuel injection, automatic, power steering, steel sunroof, tinted glass, heated front seats, radio cassette player | **£7,675** |
| **3 dr Turbo** | Turbo-charged power. Ultra low profile tyres, steel sunroof, tinted glass, radio cassette player | **£8,675** |
| ***5 dr Turbo*** | *With the new TRX tyres for comfort* and control. Radio cassette player | **£8,995** |

**Prices quoted and specifications are correct at time of going to press and include seat belts, car tax and VAT. Delivery and number plates extra. All SAABs are covered by unlimited mileage guarantee for 12 months + extra 12 months for engine and gearbox.**

**Please send me full details of**

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**One of the world's finer cars.**

**SAAB (GB) Ltd., Fieldhouse Lane, Marlow, Bucks. Tel: 06284 6977.**

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..............................................................

# Anglo American Corporation Group

## Extracts from the reviews by the chairmen of the Transvaal gold mining companies for the year ended 31 December 1978

### Gold market

During the year under review the price of gold at the London fixings continued to advance, reaching a high of nearly $244 an ounce on October 31. The average market price for the year increased to $193 compared with $148 during 1977. A major contribution to this advance) as the continued weakness of the US dollar in the face of that country's persistent massive trade deficit, the US Government's apparent inability to curtail inflation and the lack of a substantive energy policy. On November 1 the US Government announced a $30 billion support operation for the dollar which caused the price of gold to fall back to $208 over eight fixings and from there to drop further to a low of $194 at the end of November. It has since followed a rising trend to the record price levels in the region of $250. This latter recovery has been generated largely by speculative demand following the recent unrest in Iran and south-east Asia and the latest increase in oil prices, as well as by fears in some quarters that despite support the dollar may continue to weaken. Meanwhile, European central bankers have agreed that the gold used to back the European currency unit will be valued at a market-related price, a move which will further strengthen gold's position as a monetary asset.

Another factor has been the continued substantial industrial demand for gold. Current estimates are that this off-take was in the region of 1 275 tons during 1978. This was more than the combined production of South Africa and Russia, the two largest gold producers. Industrial demand has been helped by the fact that while the price has risen strongly in dollar terms this movement has been less pronounced in the case of many other currencies.

The IMF continues to be a large supplier to the market with its monthly auctions. The quantity on offer was reduced in June 1978 to 470 000 ounces, the balance being reserved for those developing countries who wished to take their share of the auction profits in gold rather than paper money. The developing countries have elected the gold alternative to a far greater extent than was foreseen and it now appears that the 55 000 ounces a month set aside for these countries will be inadequate.

On May 23 the first of a new series of gold auctions was conducted on behalf of the US Treasury in an effort to bolster the dollar, foreign governments and central banks being dissuaded from bidding. After the sale of 300 000 ounces a month for six months the quantity on offer was increased to 750 000 ounces in November and then to 1.5 million ounces in December at which rate the auctions are continuing in 1979.

The combined sales of the IMF and the US Treasury, including the IMF sales to developing countries, amounted to 11.3 million ounces or 353 tons during 1978. The market has absorbed all of this gold, equivalent to half of South Africa's production, with relative ease and the first few auctions of 1979 have shown no evidence of the demand abating.

The strong interest shown in gold during the year is also reflected in the record volume of Krugerrand sales. Six million coins amounting to 187 tons of gold were sold during 1978, absorbing over a quarter of South Africa's production, compared with 3.3 million coins in 1977.

Overall, 1978 was a most satisfactory year for gold. During 1979 the supply to the market will probably be considerably larger than last year although this depends on the sales policy of the US Treasury. Nevertheless, it is anticipated that in the current year the average price will be significantly above $200 an ounce but there may continue to be major fluctuations owing to current political and economic developments.

### Uranium

Throughout the world nuclear energy programmes have been delayed or curtailed during the past three years. This has been brought about partly by opposition from environmentalists, but more so by the downward revision of forecasts of growth in energy demand. There is now, however, some evidence to indicate a growing international awareness that further delays in the construction of not only nuclear, but also conventional, power stations cannot be allowed without industrial growth generally being inhibited. It is still too early to detect a significant market response to the OPEC decision to increase the price of oil by nearly 15 per cent or to the political unrest in Iran and its resultant cut-back of production. Such factors, however, might be expected to provide some additional stimulus to nuclear energy programmes.

The uranium price rose more than sixfold between 1973 and 1977, but did not improve in real terms in 1978. There is little indication of a further significant increase in the near future, bearing in mind the possible effects of new production primarily from Australia and Canada and slippage in nuclear energy programmes in a number of countries. This notwithstanding, the primary objective of electric utilities is not so much to obtain uranium in the cheapest market but to ensure security of uranium supply, particularly as the cost of the uranium feed constitutes a relatively minor part of total nuclear energy generation and distribution costs. Undoubtedly, therefore, South Africa's reputation for reliability and lack of governmental interference in its uranium marketing will enable the local industry to maintain its important position in the world market.

## ELANDSRAND

### Chairman: Mr. H. F. Oppenheimer

The mine was officially declared to be in production on December 19 1978 when the first bar of gold was poured more than two years ahead of the target set in the prospectus. The total expenditure to complete the capital works included in the first phase up to initial production will be in the region of R183 million. This is nearly R17 million less than the escalated estimate of just under R200 million quoted in the 1977 report. Total cash requirements until the mine becomes self-financing will largely depend on gold price movements over the next few years and the gold values obtained from initial stoping operations. At current gold price levels, providing grade meets expectations, the short-term funds required in addition to existing cash resources will most probably be raised in the form of bridging finance.

#### Labour

The turnover of black labour in the mining industry has in general decreased during the year under review. This is attributed to higher wages, improved living conditions and the high unemployment levels in southern Africa caused by the economic recession. At present 75 per cent of the mine's labour force is South African, the remainder being drawn from Lesotho and Mozambique.

In 1979 mechanisation will be extended to stoping operations. To succeed with this system of mining, we must attract a greater proportion of skilled, urbanised blacks who view mining as a career and then give them intensive training. A new enterprise always provides a good opportunity to develop an environment with a better quality of life. In this regard the initial phase of the Wedela village to house senior black employees and their families of both Elandsrand and Western Deep Levels has been completed. The present village will eventually house 600 families, and a school is being built. Planning is already well under way for a medical clinic, shopping complex and a market area to be supplied from agricultural plots allocated to residents. An elected council will be responsible for the administration of the village.

The mine is in the process of establishing consultative councils for all employees. We believe that the company's broad objectives in fields such as mechanised methods of mining and consequential changes in work practice can only be fulfilled by gaining the full understanding and consent of the workforce through the process of dialogue. This principle equally applies to any industrial relations issues which are not handled by the trade unions or officials' associations.

#### The year ahead

Capital expenditure for 1979 is estimated at R70 million of which nearly R25 million will be spent on development. The planned gold production in the first full year of operation is 6 000 kilograms to be obtained by milling one million tons at a recovered grade of 6.0 grams a ton. The forecast grade may appear to be conservative in comparison with the development values being encountered, but caution is essential since a large proportion of milled tonnage will be from reef development, some of which is scheduled to take place in areas where lower values have been predicted. Furthermore, in the first quarter particularly, recovered grade is expected to be low due to lock-up of gold in the various process units in the treatment plant during the build-up period.

#### General

During my long association with the Group I have had the good fortune to be involved in many great projects but I must say that I have taken particular pride in the development of Elandsrand and wish to congratulate all those associated with it.

## S.A. LANDS

### Chairman: Mr. N. F. Oppenheimer

The company's operations rely entirely on the treatment of waste rock and crushing-plant slimes to produce gold, and 1978 was a very good year. Operating profit amounted to R2 077 000 compared with R860 000 in 1977.

Throughout the first half of the year, gold-bearing materials were supplied solely by one company. However, other sources were found to be available during the year for profitable treatment of prevailing gold prices, and arrangements were made with two other companies for the supply of additional waste rock for processing. After making some modifications to the plant to receive material from the new sources, it was possible to increase mill throughput to an average of 95 000 tons a month in the latter part of the year—substantially higher than the target of 80 000 tons a month to which I referred to in my annual statement last year.

While the tonnage milled from dumps totalled 965 000 compared with 897 000 in 1977, the higher gold price enabled lower grade material to be treated, and the average yield for 1978 was 1.28 grams a ton compared with 1.82 grams a ton in the previous year. Gold production amounted to 1 236 kilograms compared with 1 631 kilograms in 1977.

#### Planned production

While it would be imprudent to say that the company has entered a new era in its long life, one can say that if the gold price holds up well in relation to operating costs, there should be sufficient quantities of gold-bearing materials in various dumps owned by other companies in the East Rand area which could enable the company to continue operating on the present basis for at least another year or two.

#### Prospecting

The current prospecting programme envisaged completion of the two exploratory drill holes SRK.1 and SWP.1, in the area to the south and south-west of the company's plant, before the end of 1978. The results of SWP.1 were particularly disappointing, and drilling in that hole was completed in July 1978. Subsequently, drilling in SRK.1 has been plagued with difficulties. The borehole failed to intersect the reef horizon because of a minor fault and, since then, attempts to deflect just above the reef horizon have been unsuccessful. A deflection from 2 713 metres is in progress and it is hoped to intersect the reef before the end of May provided no further difficulties are experienced.

#### Dividend policy

The dividend of 25 cents a share in respect of the 1978 financial year was the first declared since the 2.5 cents a share in mid-1976.

Future dividends will depend on the profitability of the ongoing operations on the one hand and any requirements for prospecting on the other.

## VAAL REEFS

### Chairman: Mr. D. A. Etheredge

Consolidated profit before tax, including net sundry income but after deducting the royalty payment to Southvaal Holdings Limited, rose by 109 per cent from R86 553 000 to R180 682 000. The main reasons were a nearly twofold increase in gold working profit to R146 822 000 and tripling of uranium working profit to R50 511 000.

Centares mined during the year—the most meaningful measure of underground activity—rose to 1 609 052 from 1 575 871 in 1977. Tonnage milled increased again from 7 165 000 tons to 7 822 000 tons through better plant availability which permitted the treatment of additional fine fraction tonnage from dump washings and other surface sources. The latter, together with a lower sorting rate, was partially responsible for the drop in grade of 0.33 grams to 8.62 grams a ton, but more important factors were the restriction of operations at the high-grade No. 2 shaft arising from increased seismic activity there and the problems in the South Lease area mentioned above. In spite of these difficulties, gold production rose by five per cent from 64 126 kilograms to 67 438 kilograms.

Uranium oxide production in 1978 increased by 43 tons to 1 060 tons. The sharp rise in profit derives from an increase in the average contract price received and the greater quantity marketed as a result of spot sales at the ruling world market prices. Uranium is steadily increasing in importance as a source of income to the company and the programme to expand our uranium treatment capacity is proceeding well ahead of schedule.

#### Safety

It is with great regret that I report to members that 102 people lost their lives on the mine during the course of operations during 1978. Of these, 41 of our employees died in a fire which occurred on December 1 in a stope on the 73 level of No. 8 shaft. The area was sealed off and the fire has since burnt itself out. This is the worst single accident at Vaal Reefs since mining operations began and an official investigation to determine the cause is proceeding. The deaths of these men serve to emphasise the importance which should be attached to fire prevention and detection in order to minimise danger to underground workers. A fire detection system similar to one which has proved to be most effective on another Group mine is to be installed at all operating shafts. In addition, the vigorous campaign of inspections of underground workings for potential fire hazards is to be continued and reinforced. Many of the other fatal accidents were due to falls of rock underground, which relate particularly to increased seismic activity in the area of the Klerksdorp goldfields. All means of preventing such falls are being pursued, including the improvement in the design and density of support work and the possibility of filling mined-out areas with slime. The complexity of this problem cannot be minimised and will require constant research and application.

#### Decentralisation of management

I believe it is worth reminding members that the company's mining complex is vast in terms of production and personnel. From its eight operating shaft systems, Vaal Reefs hoists and mills nearly four times as much ore as an average gold mine in South Africa and produces almost 10 per cent of South Africa's gold output. It is worth noting, also, that the company produces more gold than Canada, which is ranked as the world's third largest producer. The total number of persons employed on the mine is about 41 000 and places it amongst the world's largest concentrations of people within a single business complex.

#### Capital Expenditure

During 1978 advantage was taken of the higher gold price to accelerate work on the various uranium plants and the No. 9 shaft system resulting in capital expenditure of R94 million, about R22 million higher than originally forecast. Approximately R56 million was spent on increasing uranium treatment capacity and R18 million on the No. 9 shaft. By the year-end all preparatory work had been completed and the shaft sunk to a depth of 480 metres.

#### The year ahead

Planned gold production for 1979 is 66 880 kilograms to be obtained by milling, 7.6 million tons at a recovery grade of 8.8 grams a ton of which the South Lease area will contribute 2.5 million tons at a grade of 10.0 grams a ton. Capital expenditure for 1979 is expected to be R80 million, of which R32 million will be spent on completing the programme to extend the mine's uranium treatment capacity and just over R16 million on continuing the development of the No. 9 shaft system where it is planned to sink a further 1 262 metres during 1979 and to begin station cutting. As is evident, the bulk of the capital expenditure will be incurred in the South Lease area where the amount to be spent is estimated at R58 million.

## SOUTHVAAL

### Chairman: Mr. G. Langton

The royalty payment to the company from Vaal Reefs Exploration and Mining Company Limited climbed over threefold to R28 233 000 from R8 462 000 in 1977. Profit before tax was R28 809 000 (1977: R9 089 000) and after deducting tax of R12 095 000 profit amounted to R16 714 000 compared with R5 184 000 the previous year.

#### South Lease area operating results

Centares mined during 1978 rose by 19 per cent reflecting a considerable increase in underground activity. However, mining operations continued to be hampered by erratic payability and faulting in places and production was further affected by hoisting difficulties at No. 8 shaft. Commissioning of the dual purpose hoist during 1979 should alleviate the hoisting problems. Tonnage milled at 2 595 000 was 22 per cent higher owing to better plant availability, but grade dropped by 0.12 grams to 9.65 grams a ton. Because of the improved tonnage, gold production increased by 4 318 kilograms to 25 034 kilograms.

Uranium production rose by 25 per cent to 335 tons, whereas profit on sales increased nearly fourfold to R11 874 000 from R3 080 000 in 1977 reflecting higher sales volume and an improvement in the average contract price received.

#### The year ahead for the South Lease area

Capital expenditure for 1979 is forecast to be R58 million. This includes nearly R25 million to be spent on the uranium plant which is expected to be commissioned during the second quarter of 1979 and just over R16 million on the No. 9 shaft system. Planned gold production is 25 000 kilograms to be obtained by milling 2.5 million tons at a recovery grade of 10.0 grams a ton. Uranium production is forecast to be 650 tons.

## WESTERN DEEP LEVELS

### Chairman: Mr. G. Langton

The company's profit before tax showed a marked increase from R95 232 000 in 1977 to a record figure of R153 356 000. After deducting taxation and State's share of profit, which increased from R45 054 000 to R75 492 000, profit after tax was R77 864 000. The directors were able to increase the dividend significantly from 82.5 cents paid in 1977 to a total of 147.5 cents a share for the year under review.

One of the most effective yardsticks with which to judge a mine's performance is to look at the centares mined and in this respect the 18 per cent increase is noteworthy. The tonnage milled rose by eight per cent to 3 223 000 tons and despite a marginal drop in grade, gold production increased by five per cent to 45 657 kilograms. I referred in my last statement to the steps being taken to reduce the frequency and severity of underground fires. There is no doubt that the improved results are in part a result of the effectiveness of the early warning fire detection system and to a re-organisation of proto teams which ensures that any fires which do start underground are tackled within a very short time after detection.

Uranium oxide production increased by 10 per cent to 183 tons but profit from sales fell from R3 249 000 to R2 341 000. Last year I advised shareholders that every effort was being made to increase uranium production and thereby reduce the amount of uranium which we anticipated the company would have to purchase during 1978/79 to meet its contractual commitments. I also stated that arrangements had been concluded to purchase the shortfall. A purchase was made in 1978 at the ruling spot price which was higher than the company's contractual selling price and this transaction therefore had the effect of halving the profit on uranium oxide sales. It would seem that as a result of maximising the existing plant's capacity this problem is now behind us and that no further purchases should be necessary unless there is some unforeseen curtailment of output.

#### Capital Expenditure

The capital expenditure in 1978 exceeded the original estimate of R26 million by R5.1 million due almost entirely to the acceleration of the uranium plant extension which is now scheduled to come on stream at the beginning of 1981.

Capital expenditure for 1979 is estimated at R77 million, almost two and a half times the expenditure in 1978 which in itself was the highest amount spent in any year since the mine's inception. The largest single item is R36.7 million to be spent on the new uranium plant. However, the continued rise in recurrent capital expenditure required to maintain the developed ore reserves and keep the mine in production is reflected in the forecast expenditure of R11.5 million on development and R8.4 million on underground equipment and compressed air. A further R4.7 million will be spent on housing.

#### The year ahead

The planned gold production is 45 045 kilograms from 3 150 000 tons milled at a recovered grade of 14.30 grams a ton compared with 45 657 kilograms achieved in 1978. To maintain last year's record working profit after allowing for predicted cost escalation and profit on uranium oxide sales, an average gold price of approximately $211 is required. Uranium oxide production is planned to be 181 tons.

*The Annual General Meetings of these companies, all of which are incorporated in the Republic of South Africa, will be held in Johannesburg, South Africa, on April 26, 1979. Copies of their annual reports may be obtained from the London Office at 40 Holborn Viaduct, London EC1P 1AJ or from the office of the United Kingdom Transfer Secretaries, Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.*

# UK ECONOMIC INDICATORS

**ECONOMIC ACTIVITY**—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Indl. prod. | Mfg. output | Eng. order | Retail vol. | Retail value | Unemployed | Vacs. |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 4th qtr. | 105.8 | 101.8 | 100 | 104.7 | 239.6 | 1,431 | 157 |
| 1978 | | | | | | | |
| 1st qtr. | 107.0 | 102.2 | 100 | 106.4 | 246.4 | 1,409 | 188 |
| 2nd qtr. | 110.7 | 104.5 | 96 | 107.9 | 254.4 | 1,367 | 213 |
| 3rd qtr. | 111.4 | 104.9 | 103 | 110.7 | 266.6 | 1,380 | 213 |
| 4th qtr. | 109.6 | 102.5 | | 110.7 | 272.5 | 1,340 | 230 |
| Oct. | 108.5 | 101.7 | 101 | 110.2 | 267.9 | 1,380 | 238 |
| Nov. | 109.4 | 102.3 | 101 | 110.5 | 269.7 | 1,339 | 231 |
| Dec. | 111.0 | 103.4 | | 113.8 | 279.8 | 1,321 | 231 |
| 1979 | | | | | | | |
| Jan. | 104.4 | 94.9 | | 109.6 | 273.1 | 1,339 | 236 |
| Feb. | | | | 111.5 | | 1,363 | 231 |
| March | | | | | | 1,350 | 236 |

**OUTPUT**—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

| | Consumer goods | Invst. goods | Intmd. goods | Eng. output | Metal mnfg. | Textile etc. | Housg. starts* |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 4th qtr. | 104.7 | 97.4 | 114.3 | 98.3 | 94.8 | 100.0 | 20.7 |
| 1978 | | | | | | | |
| 1st qtr. | 105.2 | 98.8 | 116.2 | 99.9 | 96.6 | 98.6 | 17.8 |
| 2nd qtr. | 107.8 | 98.2 | 122.4 | 99.8 | 107.4 | 101.3 | 27.1 |
| 3rd qtr. | 107.6 | 99.8 | 123.2 | 100.8 | 101.2 | 103.9 | 23.0 |
| 4th qtr. | 105.8 | 96.2 | 123.0 | 95.8 | 97.5 | 101.2 | 20.1 |
| Sept. | 107.0 | 99.0 | 122.0 | 99.0 | 100.0 | 102.0 | 23.0 |
| Oct. | 105.0 | 96.0 | 121.0 | 96.0 | 97.0 | 100.0 | 24.5 |
| Nov. | 106.0 | 96.0 | 122.0 | 95.0 | 93.0 | 103.0 | 20.7 |
| Dec. | 106.0 | 97.0 | 126.0 | 97.0 | 102.0 | 101.0 | 15.3 |
| 1979 | | | | | | | |
| Jan. | 100.0 | 94.0 | 118.0 | 94.0 | 79.0 | 95.0 | 9.9 |

**EXTERNAL TRADE**—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

| | Export volume | Import volume | Visible balance | Current balance | Oil balance | Terms trade | Resv. US$bn* |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 4th qtr. | 117.3 | 102.4 | −16 | +580 | −659 | 103.4 | 20.39 |
| 1978 | | | | | | | |
| 1st qtr. | 119.6 | 113.8 | −590 | −361 | −620 | 103.4 | 20.63 |
| 2nd qtr. | 122.2 | 110.0 | −173 | +135 | −414 | 104.5 | 16.75 |
| 3rd qtr. | 124.9 | 114.4 | −365 | −49 | −301 | 105.7 | 16.55 |
| 4th qtr. | 125.1 | 112.8 | −1 | +359 | −480 | 106.7 | 15.77 |
| Oct. | 125.9 | 111.3 | +40 | +160 | −135 | 106.0 | 15.97 |
| Nov. | 122.6 | 114.1 | −108 | +12 | −162 | 107.3 | 15.67 |
| Dec. | 126.7 | 113.0 | +67 | +187 | −183 | 106.8 | 15.69 |
| 1979 | | | | | | | |
| Jan. | 113.1 | 107.3 | −119 | +1 | −60 | 107.7 | 16.26 |
| Feb. | | | | | | | 16.62 |

**FINANCIAL**—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m): building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

| | M1 % | M3 % | Bank advances % | DCE £m | BS inflow | HP lending | MLR % |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 4th qtr. | 23.2 | 12.6 | 8.7 | +698 | 1,639 | 1,189 | 7 |
| 1978 | | | | | | | |
| 1st qtr. | 24.3 | 23.8 | 17.3 | +1,311 | 1,049 | 1,263 | 6½ |
| 2nd qtr. | 8.5 | 15.7 | 24.6 | +3,391 | 694 | 1,398 | 10 |
| 3rd qtr. | 16.8 | 5.3 | 8.6 | +534 | 746 | 1,423 | 10 |
| 4th qtr. | 9.7 | 9.7 | 8.8 | +1,490 | 878 | 1,423 | 12½ |
| Oct. | 13.8 | 5.5 | 1.9 | +541 | 363 | 470 | 10 |
| Nov. | 12.1 | 10.7 | 9.9 | +113 | 261 | 506 | 12½ |
| Dec. | 9.7 | 9.7 | 8.8 | +836 | 254 | 449 | 12½ |
| 1979 | | | | | | | |
| Jan. | 13.6 | 16.5 | 20.0 | +839 | 289 | 491 | 12½ |
| Feb. | | | | | 231 | | 14 |

**INFLATION**—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

| | Earnings* | Basic matls.* | Whsale. mnfg.* | RPI* | Foods* | FT* comdty. | Strlg. |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 4th qtr. | 119.9 | 142.2 | 145.8 | 187.4 | 193.3 | 234.2 | 63 |
| 1978 | | | | | | | |
| 1st qtr. | 123.1 | 140.2 | 149.2 | 190.6 | 197.3 | 238.61 | 64.6 |
| 2nd qtr. | 129.9 | 146.3 | 151.8 | 195.8 | 203.8 | 242.27 | 61.5 |
| 3rd qtr. | 133.2 | 144.9 | 154.8 | 199.2 | 206.2 | 253.74 | 62.4 |
| 4th qtr. | 136.5 | 147.1 | 157.3 | 202.6 | 208.0 | 257.69 | 62.7 |
| Oct. | 135.2 | 145.7 | 156.6 | 201.1 | 203.6 | 263.22 | 62.5 |
| Nov. | 136.1 | 147.3 | 157.1 | 202.5 | 207.9 | 263.63 | 62.5 |
| Dec. | 138.1 | 148.2 | 158.3 | 204.2 | 210.5 | 257.69 | 63.2 |
| 1979 | | | | | | | |
| Jan. | 135.7 | 150.4 | 159.8 | 207.2 | 217.5 | 260.63 | 63.4 |
| Feb. | | 151.1 | 161.5 | 208.9 | 218.7 | 267.36 | 64.2 |

* Not seasonally adjusted.





هكذا من الأصل

# UK NEWS — LABOUR

## Ambulancemen vote on all-out strike

PAULINE CLARK, LABOUR STAFF

ON AMBULANCEMEN threatening a total strike next week with a ban on all ...ency services as well in ...rt of colleagues who claim ...ve been "locked out" for ... selective action in South ...organ and Gloucestershire. ...bulancemen who attended ...ion meeting in London ...day to consider the issue ...said to have been "given ... which they will fill in as ...duals." The result of the ... is expected on Monday.

... spread of intensified ... by ambulancemen is ... the most serious prob... facing the health authori... the continuing nationwide ...ampaign by the National ... of Public Employees.

... week ambulancemen in ...Glamorgan went on a total strike in support of their colleagues in the southern part of the county. Already ambulances from the Services are being employed in the worst-hit areas such as Gloucestershire, Greater Manchester, Liverpool, Northumberland and Leeds, where action has left areas without emergency services.

The National Union of Public Employees will decide this weekend on whether to continue its lone campaign of industrial action in the health services in the face of mounting pressure on the union to accept the latest pay offer to ambulancemen and hospital ancillary workers.

The union's executive meets on Saturday to consider the possibility of being outvoted on the pay offer next week by the three unions who have accepted it.

It was isolated still further on Tuesday night when ambulancemen in the Confederation of Health Service Employees reversed a previous rejection of the 9 per cent offer with a comparability study and £1 on account.

The union, which argues that an overall majority of hospital ancillary workers who belong to unions have rejected the offer, said yesterday that industrial action was continuing to escalate.

It claimed that 300 ambulancemen and 1,000 hospital ancillary workers were on strike yesterday affecting several major hospitals in Edinburgh, Aberdeen and Glasgow.

## Teachers reject 8% offer

By Michael Dixon, Education Correspondent

AN EIGHT per cent pay rise for 482,000 teachers in England and Wales was rejected by their unions yesterday as "totally inadequate."

The £200m offer by the education authority employers during the Burnham Committee's meeting in London, went "nowhere near restoring the lost value of teachers' salaries established in 1974 by the independent Houghton Inquiry," said Mr. Fred Jarvis, general-secretary of the National Union of Teachers and leader of the unions' Burnham panel.

The unions, who are claiming a 36.5 per cent increase, reserved their position on the employers' proposal that teachers' pay should be referred to the new Standing Commission on Pay Comparability. The proposal was "too vague," Mr. Jarvis said.

"We want to know why they want to refer to the standing commission and not negotiate through Burnham. We also want to know if they think that the Government will fund its share of any award made by the commission; and if so, what is the basis of that belief.

## Papers fight ban on adverts

FINANCIAL TIMES REPORTER

TWELVE NATIONAL and provincial newspaper groups and seven other organisations sought High Court injunctions yesterday to prevent the National Graphical Association from blacking certain advertisements.

They sought to forbid the NGA and Mr. Joe Wade, its general secretary, to induce its members to break their contracts of employment by refusing to handle material from certain potential advertisers.

The NGA is blacking advertisements from organisations that have advertised in the Nottingham Evening Post, with which the union is in dispute over recognition.

The national paper groups seeking injunctions are Associated Newspapers, Express Newspapers, the Daily Telegraph, the Mirror Group, News Group Newspapers and the Financial Times.

Mr. Justice Smith was told that the NGA and the Society of Lithographic Artists, Designers and Process Workers (SLADE) had sent a series of circulars.

The third said that, as they had not stopped their advertisements, they were being blacked.

The advertisers complained in written evidence that the NGA instruction was disrupting their businesses. They had no dispute with the NGA, whose real intention, they said, was to punish T. Bailey Forman.

Mr. Wade stated, also, in written evidence, that the union had issued its blacking instruction because of the "negative and hostile reaction" of T. Bailey Forman to the union's claim for recognition.

The case continues today.

## Grundig re-opens soon

BY OUR BELFAST CORRESPONDENT

THE BELFAST factory of the West German electronics group, Grundig, is expected to re-open shortly, following a 10-day shutdown caused by a work-to-rule involving repair workers.

On the advice of the Electricians' union, shop stewards are recommending a return to normal working, while negotiations continue in an effort to settle a dispute over pay differentials.

## ...legg pay ...ommission ...hould ...e kept'

...ohn Elliott, Industrial Editor

...ure Conservative Govern... should not abolish the ... Commission on pay com...ility, Sir John Methven, ...or general of the Confed...n of British Industry, said ...ight.

...aking after the CBI's coun...d discussed the Commis... role, Sir John stressed ... his members objected to ...ommission's initial job of ...g rapid recommendations ... local council and hospital

... this did not mean that a ...rvative Government ...d abolish it. Instead, its ... should be changed so that ...ried out general studies of ...omparability without mak...ecommendations.

... John added that he be...d the present Government ...hoped that it would not be ...sary to give the Commis... more studies involving the ...ing down of recommenda...

... had discussed this last ... with Mr. Denis Healey, ...cellor of the Exchequer.

## Dyer will fight on

BY OUR LABOUR STAFF

A WEST Yorkshire dyer who lost his job when his union card was taken away, was told yesterday that his case would have to go back to a TUC committee because his former union could not decide how to deal with him.

Mr. Joe Thompson said yesterday that he feared he might be on the dole "for ever."

The case has already once been referred back to the National Union of Dyers, Bleachers and Textile Workers, whose secretariat is provided by the TUC independent review committee.

Mr. Thompson said: "It's like a game of ping-pong. I cannot work out my future until I know whether I can have my card back. But I will continue to fight."

He lost his union membership in November when it was discovered that he had worked for a "blacked" company 14 years ago.

Following Mr. Thompson's appearance before the union's executive committee last Friday, Mr. Fred Dyson, general secretary, told him in a letter yesterday that the executive agreed unanimously that he had breached union policy.

The committee was unable to determine, however, whether there were mitigating circumstances, and found it impossible to reach any firm conclusion.

● Pay negotiations covering about 20,000 workers in the dyeing, printing and finishing industry started in Manchester yesterday.

QUESTIONNAIRE FINDS VIEWS ON EFFICIENCY DIVIDED

## Top directors support trade union reform

BY OUR LABOUR STAFF

MANY LEADING directors believe that reform of the trade unions is urgently needed although there appears to be a sharp division of opinion as to whether unions harm efficiency.

That is the general response from the boardrooms of 38 prominent companies to a questionnaire on "how to tackle the unions," reported in today's issue of the Director.

The journal concludes that however much directors want trade union reform, they are far from being advocates of "union bashing." Nevertheless, 13 respondents believed that union attitudes harmed efficiency, compared with 18 who did not.

One unnamed chairman of a large manufacturing company made the strongest criticism of unions: "Union attitudes significantly slow down the rate of technical development; make very difficult if not impossible the best deployment of people; are responsible for entrenched overmanning; encourage insatiable demands for money and make investment increasingly unattractive."

Among those who commented favourably, Sir Derek Ezra, chairman of the National Coal Board, said: "We work very closely with our unions to improve efficiency and their response is generally positive and helpful, particularly in the introduction of improved machinery and equipment."

Some who felt that union attitudes were not harmful, expressed considerable misgivings. Mr. I. H. Stuart Black, chairman of General Accident Fire and Life Assurance, said: "The tone of union communications to staff tends to encourage a 'them and us' attitude which to my knowledge has never existed in our company."

Asked whether union officials were among the chairmen's personal friends, 16 said Yes and 19 No.

Mr. Patrick Meaney, group managing director of Thomas Tilling, said: "A number of union leaders and officials are acquaintances. I find them generally more constructive and moderate in private conversations than they are in public negotiations and 'union leader' type statements."

Asked: "Would you put measures to reform the unions at the head of priorities for the next Government?" 31 directors said they would. Six said no, because they wanted radical reforms.

Measures such as secret union ballots, compulsory cooling-off periods, legal enforcement of agreements, outlawing of unofficial strikes and abolition of the closed shop all drew strong support, although dissent was also significant.

# UK NEWS — PARLIAMENT and POLITICS

## Rees relaxes emergency powers

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

RELAXATIONS IN the emergency powers contained in the Prevention of Terrorism Act were announced in the Commons yesterday by Mr. Merlyn Rees, the Home Secretary, along the lines suggested last year by the committee of inquiry headed by Lord Shackleton.

He warned, however, that there is every likelihood of further IRA bombing attacks on the British mainland and that it is essential to retain many of the provisions in the Act.

"Let us be in no doubt that the Provisionals are prepared to mount further attacks in this country and inflict heavy casualties and damage on property," he declared.

The Act gives the Home Secretary the power to exclude from Great Britain, or in some cases the UK as a whole, persons suspected of terrorism in Northern Ireland.

There will now, said Mr. Rees, be an easing up in the way in which these exclusion orders are inforced.

Changes will also be made to safeguard the civil rights of detainees and to improve the conditions under which they are held.

There will also be a reduction in the length of time a terrorist suspect can be detained at a port for questioning by the police.

But Mr. Rees rejected the important Shackleton recommendation for the abolition of the section which makes it an offence to withhold information about acts of terrorism.

Lord Shackleton had said that this had had "an unpleasant ring about it in terms of civil liberties," and feared it could be used to bring pressure to bear on detainees.

Mr. Rees said he had carefully considered this recommendation, but it was too early to make a judgment on it. This section had proved of greatest importance to the police in investigating recent bombing incidents.

"I am convinced, in the face of a renewed campaign in this country, that it would be wrong now to deprive them of this power," he said.

He agreed to look at the matter again when the Act comes up for renewal next February.

The Home Secretary was opening a debate on the Shackleton Report and on the Order which extends the emergency powers for 12 months.

Mr. Rees agreed that the provisions entailed a temporary infringement of civil liberties, but they were necessary in order "to deal with the savage and dangerous minority who have no respect for the life and civil liberties of others."

The Provisional IRA still had the will and capability to mount a campaign of bombing. To suggest otherwise would be unrealistic.

At one time, he would have discounted recent Press reports which suggested that the IRA planned to mount a bombing attack on the mainland during the next general election.

But in present circumstances, there was a question in his mind as to whether it could happen.

The difficulties of the IRA had stemmed in part from the use of powers under the Act, but recent bombing attacks suggested that the Provisionals might have overcome these problems.

Giving details of the Government's proposed changes, Mr. Rees said that as from April 18 suspects could be detained at ports only up to a maximum of seven days.

Under the present rules, they can be detained for seven days by the police. The Home Secretary can then grant an extension and at the end of that period, the police may continue detention for a further five days.

Exclusion orders will be reviewed after three years, with a view to revoking them where suspected people have clearly dissociated themselevs from terrorist activities.

The Home Secretary is also examining the possibility of providing financial help to the immediate family of an excluded person, so that they can be reunited with that person.

Steps will be taken to ensure that the fullest possible records are kept of police interviews with detained persons and that there is a uniform procedure for notifying them of their legal rights.

Improvements will be made in their diet, exercise and general comfort.

These recommendations from the Shackleton Committee were described by Mr. Rees as "sensible and humane."

In future, statistics about the number of people detained will be published quarterly.

Mr. David Howell, Conservative home affairs spokesman, favoured the continuation of the Act and said we were right to be wary about the possibility of the IRA trying to disrupt the next general election campaign.

Mr. Gery Fitt (SDLP, Belfast W.) threatened to vote against the renewal of the laws. A question mark had always hung over such anti-terrorism laws, he said, and they now seemed to be becoming permanent.

There were violent contradictions in the legislation and a glaring injustice in having non-jury trials for suspected terrorists.

## Henley rejects political controls

By David Freud

PARLIAMENT SHOULD not be put in direct control of auditing public money, Sir Douglas Henley, the Comptroller and Auditor General, said last night.

Sir Douglas, who is responsible for auditing Government expenditure, told the Commons Public Accounts Committee that he would not be able to perform as effectively if he was subject to the directiin of parliamentary committees.

"If we were subject to directions, or, indeed, requests, from committees of Parliament, that would be bound to have a major impact on the way we carried out our duties, and would in practice conflict with the independence the Comptroller ought to enjoy," he said.

Sir Douglas's evidence follows recommendations by two select committees — the Procedure and Expenditure Committees — that he should be subject to direction from parliamentary committees.

He argued: "I see this as a decision of Parliament to establish by statute an audit department with independent responsibilities, allowing it complete discretion to complete those responsibilities."

He told members of the Public Accounts Committee: "My department and I do try to respond to requests from this committee."

## New Rhodesian leadership would be 'helpful'

BY IVOR OWEN, PARLIAMENTARY STAFF

IF THE first one-man one-vote election in Rhodesia in April produces a new leadership not associated in any way with the previous regime, it would be a "helpful" development, Dr. David Owen, the Foreign Secretary, conceded in the Commons yesterday.

He also suggested that the emergence of a different leadership in Salisbury could provide the opportunity to engage in negotiations with the external Nationalists.

But the Foreign Secretary reaffirmed the Government's view that the election itself did not represent the threshold for decisions over recognition or the lifting of sanctions.

To cheers from the Tory benches, Mr. Francis Pym, the shadow foreign secretary, accused Dr. Owen of having done his best to discredit all helpful development in Rhodesia over the past year.

He attacked the refusal to send an official Parliamentary delegation to observe the election and maintained that this would make it impossible for the Government to reach a judgment on whether it had been free and fair.

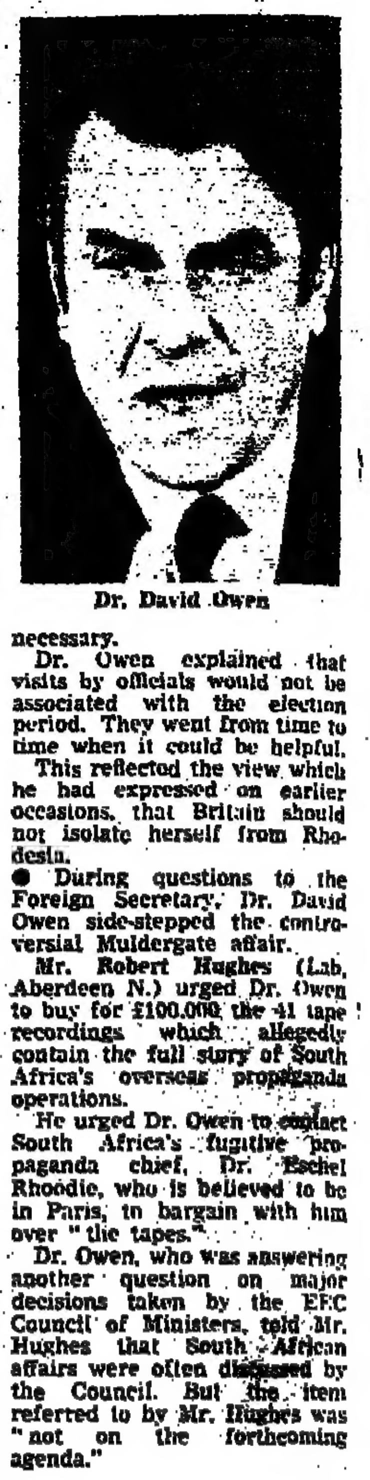
Dr Owen pointed out that the Government was able to send officials to Rhodesia whenever it was felt that they could serve a useful service. There were also many other sources of information available both to the Government and to Parliament.

As to whether the election would be free and fair, he believed that if a count was taken of the military situation in Rhodesia it was possible to make a judgment already.

He urged MPs who decide on their own initiative to go to Rhodesia to observe the election to bear in mind that they would be dependent on the armed forces for their security.

They would not be able to observe the election in the same way as would be possible in the UK.

Mr. Pym contended that for the Government to send officials to Rhodesia for the election would be tantamount to admitting that observers were necessary.



Dr. David Owen

Dr. Owen explained that visits by officials would not be associated with the election period. They went from time to time when it could be helpful.

This reflected the view which he had expressed on earlier occasions, that Britain should not isolate herself from Rhodesia.

● During questions to the Foreign Secretary, Dr. David Owen side-stepped the controversial Muldergate affair.

Mr. Robert Hughes (Lab, Aberdeen N.) urged Dr. Owen to buy for £100,000 the 41 tape recordings which allegedly contain the full story of South Africa's overseas propaganda operations.

He urged Dr. Owen to contact South Africa's fugitive propaganda chief, Dr. Eschel Rhoodie, who is believed to be in Paris, to bargain with him over "the tapes."

Dr. Owen, who was answering another question on major decisions taken by the EEC Council of Ministers, told Mr. Hughes that South African affairs were often discussed by the Council. But the item referred to by Mr. Hughes was "not on the forthcoming agenda."

London robe maker Mr. Gordon Baker (left) at work yesterday on a major task: fitting the robe which Mr. Cyril Smith will wear when he takes office as deputy pro-chancellor of the University of Lancaster. The Liberal member for Rochdale will take up his new appointment in July.

## Walker seeks Midlands revival

By Richard Evans, Lobby Editor

A PROGRAMME for a Conservative government to revive industrial prosperity in the Midlands after what is seen as five years of Labour misrule was outlined yesterday in a special manifesto drafted by three Tory politicians, led by Mr. Peter Walker, former industry secretary.

Mr. Walker sees Britain's revival and the revival of the Midlands as synonymous. The spirit of enterprise that had built the area was one that Britain desperately needed to regain, for its future prosperity.

In the 18-page document, Mr. Walker (C., Worcester), Mr. Hal Miller (C, Bromsgrove) and Mr. Stephen Dorrell prospective candidate for Lothborough, outline a series of measures they believe an incoming Tory administration should take.

● There should be a pledge that industrial development certificates would not apply to the Midlands until the unemployment rate in the region had fallen below 3 per cent for six months.

● Foreign investment should be encouraged into the Midlands, as long as unemployment remained high.

● A survey should be made of all derelict land, and programmes pursued to clear it.

● The British Overseas Trade Board should be encouraged to increase substantially its activities in assisting Midlands exporters.

● The rate support grant should be reorganised to be fairer to people throughout the Midlands.

Other suggestions are for a revival of house improvement programmes, a 90 per cent grant for houses lacking basic essential services, and a 75 per cent grant for districts with a high percentage of low rateable value built before 1940.

## Short-time working compensation plan

BY CHRISTIAN TYLER, LABOUR EDITOR

A BILL giving employees the right to compensation for short-time working will be published today, after its first reading in the Commons yesterday.

If passed by the House, it would supercede the temporary compensation measures announced recently by the Government and debated in the Commons last night.

A consultative document on the scheme last April suggested that workers should be entitled to a maximum of seven consecunormal pay for each day lost, up to a maximum of seven consecutive days.

They would not be eligible if the lay-off was due to industrial action.

Employers could claim back half the cost from a fund financed equally by an increase in their national insurance contributions and by the Exchequer.

But at times of high unemployment, they could claim the whole amount, provided they could show that they had introduced short-time working as an alternative to making people redundant.

John Elliott adds: The Confederation of British Industry is to try to mobilise opposition MPs of all parties to vote against the Bill when it comes before the Commons.

Two surveys of member companies conducted by the CBI have shown widespread opposition in industry both to the temporary scheme and the Bill's permanent arrangements.

The CBI says the temporary scheme will increase public expenditure, and will "encourage featherbedding" by maintaining non-existent jobs and paying people for work not performed.

The fact that the Bill will require employers to make a contribution to the subsidies increases the opposition to it.

## Help for consumers

LEGISLATION TO strengthen the consumers' voice in nationalised industries will be introduced to Parliament soon after the Eastern recess, Mr. Roy Hattersley, Prices Secretary, said in evidence to a subcommittee of the Commons select committee on nationalised industries.

The Government's legislation will give greater statutory backing to consumer representatives on the governing Board of some nationalised industries. The committee's report will be published within the next few months, but not before the Government's Bill is published.

## UK's Arab peace bid

BY IVOR OWEN

BRITAIN IS working as friend and partner with the Arab States to ensure reasonable stability in the Middle East after the recent events in the area, Dr. David Owen, the Foreign Secretary, assured the Commons yesterday.

He agreed with Mr. Francis Pym, Conservative Shadow Foreign Secretary, that the new and changed circumstances in the Gulf called for a policy review by Britain and the U.S.

But while it was necessary to look closely at some of the changes and consequences of events in Iran, Dr. Owen ruled out the re-establishment of a British presence in the Gulf.

When questioned about the negotiations between Israel and Egypt he emphasised the importance of Israel's recognising the risks which Egypt had taken in alienating a very great section of Arab opinion.

In the crucial coming negotiations on the West Bank and Gaza, Egypt must be able to show that progress is being made towards a Palestinian homeland.

● Mr. Arthur Lewis (Lab., Newham NW) asked during questions to Dr. Owen: "Would you have discussions to see to what extent the Iranian Government would support you if we were to take over the former Shah's estate here in Britain and use it as a hospital, or place some of our under-privileged people?

Dr. Owen said: "We don't believe in expropriation of property and we will not support it in our country or anywhere else."

## EEC budget warning

BY IVOR OWEN

NEGOTIATING A fairer basis for contributions to the EEC budget is going to be a harder task than securing fundamental changes in the Common Agricultural Policy, Dr. David Owen, the Foreign Secretary, forecast in the Commons yesterday.

But he suggested that the momentum for change will gather pace as the Community gets nearer to the limit of its own resources and when the contribution from VAT has to be examined.

The Foreign Secretary claimed growing recognition of the fact, particularly by West German newspapers, that the burden now imposed on the UK was unreasonable and not in the interests of the Community

He recalled that, during the negotiations on Britain's entry into the EEC, it had been envisaged that the share of the Community budget devoted to agriculture would come down from 78 per cent to 50 per cent.

The reducing cost of the CAP should have been accompanied by the provision of increased resources for the Community's regional and social funds.

"It is very important that we should work on all three of these elements," he declared.

Mr. Douglas Hurd, a Conservative spokesman on European affairs, was jeered from the Labour benches when he maintained that the Opposition had consistently supported the proposals by the EEC Commission that agricultural prices should be frozen this year for those foods in surplus.

He attacked Ministers who still displayed their anti-Market beliefs and asserted: "We don't get very far in protecting our interests in Europe by sending there Ministers who are building their political whole.

## Plea to end prison strike

THE Home Secretary, Mr. Merlyn Rees yesterday urged prison officers at Walton Prison, Liverpool to call off industrial action and resume normal work.

His appeal came only hours after a declaration of a "red alert" emergency at the prison following a violent demonstration by prisoners protesting about overcrowding and being kept in their cells for up to 23 hours a day.

## Food surplus figures given

THE Common Market's latest food surplus figures show that the butter mountain totals 272,694 tonnes, says Edward Bishop, Agriculture Minister. The olive oil "lake" amounts to 94,498 tonnes, while surplus cereals stand at 1,953,824 tonnes, and beef and veal, 154053tonnes

United Kingdom surpluses include 31,588 tonnes of butter, and 15,004 tonnes of beef held in stock by his Department, he said.

During the year up to February 28, 69 tonnes of apples, and 5,592 tonnes of cauliflowers were ploughed into fields. Quantities of apples, cauliflowers and fish held surplus were also fed to animals or made into animal feed.

## Tory indecision on domestic rates

BY ELINOR GOODMAN, LOBBY STAFF

**Backbench pressure to abolish domestic rates is growing but the leadership wishes to avoid any firm commitment.**

PRESSURE is growing among some Conservative backbenchers for a firm commitment to abolish domestic rates being retained in the party's next manifesto.

These MPs, who pride themselves on being in touch with Tory grassroot opinion, believe that householders now receiving sharply increased rate demands would be strongly attracted by a promise to get rid of rates altogether.

But they are being told by those responsible for Conservative economic policy that anything but the vaguest promise about rates would be unrealistic.

Most of those directly involved in drafting the manifesto believe the party's first priority must be to revive the economy and reduce direct taxation.

This would seem to rule out abolition of rates for some time, since lost revenue—estimated at around £2,000m—would have to be recovered elsewhere. The party could hardly contemplate introducing any form of local income tax as this would clash with its commitment to reduce direct taxes.

The debate, which may get louder as constituents start complaining about the latest rates increases, is symptomatic of the pre-election pressure which the leadership faces because of its preference for not making too specific promises in the manifesto.

Mrs. Thatcher and Lord Thorneycroft, the Tory chairman, are both believed to feel that, given the country's economic position, it would be wrong to promise too much in a manifesto which is essentially a policy statement from the leader. This is certainly the view of Sir Geoffrey Howe, the Shadow Chancellor.

Thus, it is possible that several specific promises included in the last manifesto and repeated in more recent policy statements, are hedged about with qualifications this time.

Recent headlines, for example, suggesting that the Conservatives are committed to giving first-time house buyers a £1,000 cash grant have raised some eyebrows, as there is a strong body of Tory opinion which believes that any such promise should be conditional on the country being able to afford it.

In the same way, the commitment in the last manifesto to reducing the mortgage rate to 9.5 per cent is likely to be much vaguer this time. Instead of mentioning a specific figure, it is likely to suggest the desirability of reducing interest rates through a cut in public sector borrowing.

Similarly, only a tentative endorsement is likely to be given to the idea of tax credits, which only two years ago was being frequently mentioned by senior Tory politicians.

The current rates debate involves much the same principle.

The last manifesto contained a commitment to abolishing the domestic rating system "within the normal lifetime of a Parliament."

The document did not spell out where the lost revenue was to be recovered but talked vaguely about replacing rates with some more broadly based tax system which reflected people's ability to pay. It emphasised that local authorities should continue to have some independent source of revenue.

Since then, several other schemes have been considered, including the idea of a flat rate poll tax and the possibility of making rates tax deductible. The majority frontbench view, however, is that there is little chance of any move to phase out rates in the first term of any new Tory government.

This was made clear to MPs in a recent letter from Mr. Michael Alison, Opposition environment spokesman who has talked recently about reducing the "burden of rates" rather than abolishing them.

In his letter, he said that the party would be able to tackle the rates issue only after it had dealt with the underlying problem of direct taxation.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● CONSTRUCTION

## Dual-role roller

FULLY hydraulic, a single-drum vibrating roller which can also double as a self-propelled power pack for hydraulic breakers, tampers and other ancillary plant, is offered by CEL Construction Equipment of Warwick.

Hydraulic drive for both traction and vibration in this class of roller is thought to be unique. It provides improvements in simplicity of control with reduced and easier maintenance, as well as greater versatility in application.

CEL pioneered the application of hydraulic transmission for vibrating rollers, being the first to introduce it for the traction drive nearly ten years ago. Its new 710H Hydroller is a complete re-design, based on this long experience and employing recent advances in the technology. As it extends hydraulic power to the vibrator drive as well, this eliminates the need for belts, pulleys, chains or a gearbox anywhere on the machine.

This new machine is more powerful, heavier, faster and has 40 per cent more vibrating force than its predecessor, yet is smaller, quieter and much easier to control.

Primary power to drive the hydraulic pump is derived in the conventional way from diesel or petrol engines, but there are now five standard engine options (previously three). The engines have about a one-third higher rating than before and are more readily interchangeable on a common chassis design, so that individual user preferences can be met quickly from stock.

The facility for "plugging-in" virtually any other hydraulically powered tool can have far-reaching benefits in operating terms — reduced capital expenditure and costs of transportation to and from sites, and ease of handling on site. In round figures, it means that for the price of one single-drum vibrating roller the customer also gets a hydraulic power-pack for something less than half the usual price. Or, looked at the other way round, for a somewhat expensive power-pack he gets a vibrating roller thrown in!

This dual-purpose concept also fits in well with the work pattern on those jobs where a single-drum pedestrian controller roller is mostly used, ie, the smaller repair and make-good assignments, where first the breaker or drill is needed and, later, consolidation with a tamper or roller. Rarely in these circumstances are both functions required simultaneously.

CEL Construction Equipment (Newman Industrial Group), Millers Road, Warwick CV34 5AR. 0926 44331.

● TRANSPORT

## Foiling commuter frauds

WORK STARTS soon at four Southern Region stations—Barnes, Mortlake, Richmond and Twickenham—which have been selected for a trial of an automatic ticket checking system which has cost £2m to develop.

Towards the end of the year, all those beginning their journey from these four stations will be issued with magnetically-coded tickets which will allow them to pass through new automatic gates at the entrance to the platforms, through new automatic gates at London's Waterloo Station on the platforms used by trains to and from the four stations in the experimental scheme.

The scheme will be monitored for six months with particular attention being paid to passenger reaction. All being well, and depending on investment approval, the next stage will be to instal equipment at more Southern Region stations and, eventually, to develop the system to cover 600 BR stations in London and South East England by the mid-1980s.

The system is designed to eliminate fraudulent travel, currently estimated to be costing BR some £12m a year, about half of that being in the London commuter area.

The equipment to be used has been developed by EMI Electronics, and its nominated sub-contractor GEC Traffic Automation. It is designed to cater for magnetic versions of the whole range of BR tickets—from Awaydays to annual season tickets—and cause little if any variation in travel habits. The BR equipment is designed to be compatible with London Transport's planned system.

Development has been based on detailed research following an experimental installation in the Glasgow area, although major changes have been made to the concept as a result of the Glasgow scheme and BR's studies of experience gained by London Transport and other operators around the world.

The work involved at the Southern Region stations for the trials includes preparation for the installation of automatic gates and of the equipment required in ticket offices to encode travel tickets magnetically, Waterloo will be equipped only with gates.

● TEXTILES

## Avoids knotty yarn

MOST CARPET produced today is made by the tufting process which, in effect, is a sophisticated form of sewing. A woven or non-woven primary backing fabric is taken beneath a row of threaded needles which carry the pile yarn. These penetrate the backing and either throw a loop or have the yarn cut to give a cut-pile effect and the resultant fabric is then coated with an adhesive to which can be applied either a foam backing or what is called a secondary backing.

The process is simple and high speed, but should a pile yarn reach the needles with a knot in it, this can cause a stoppage either by actually breaking the needle if it is unable to pass through the eye or the yarn itself may break.

The importance of packages of knotless yarn for carpet pile yarns cannot be over-stressed and in the carpet mill a broken yarn will be spliced with a latex join that will easily slip through the eye of the needle, but will not dye subsequently or which may feel harsh underfoot.

A completely new approach to the production of carpet pile yarn has been introduced by the Belgian winding machine builder Maschinenfabriek Gilbos (British agent Rober S. Maynard, P.O. Box 8, Wilmslow, Cheshire SK9 5ES).

It provides an airsplice rather than a knot or a glued joint and is a novel solution to a complex problem. The unit takes the two ends of yarn and positions them alongside each other and then makes a splice pneumatically, simply by entangling the two ends with a jet of air.

The unit then automatically checks the splice for strength which, if insufficient, results in the splice being rejected and another being made in its place. But additionally the unit also automatically checks the length of the two tails in the splice and if these are not properly cut then again the splice will be rejected, and another attempt is made by the machine.

Splice-O-Matic can be fitted to existing Gilbos machines and so effect a valuable saving in capital costs. The design is such that the unit can work with existing electronic yarn clearers which automatically remove any faults or irregularities detected in the yarns being rewound. Winding on to either cones or cheeses can be done at speeds up to some 850 metres/minute and with this new development, plus an improved and simplified system of doffing full packages on to a travelling conveyor, very much improved efficiencies can be attained in the winding departments of mills operating this new equipment.



● SEMINAR

## Advice on workshop environment

ALTHOUGH MOST engineers are aware of their responsibilities under the Health and Safety at Work etc. Act, there is often genuine difficulty in practice on how to resolve problems relating to health and safety in the machine shop. In many cases relevant advice and assistance leading to solutions—or indeed the solutions themselves — are available.

In order to make users aware of the information the Machine Tool Industry Research Association has arranged a seminar at Macclesfield on June 14. The main purpose of the seminar is to describe some solutions to common problems together with the practical assistance which can be provided on their implementation.

Speakers at the seminar will be drawn mainly from MTIRA and they will discuss the types of action which can be taken on noise, on the control and containment of dust, coolants and fumes and on the reduction of hazards.

Advice on how to improve the working environment in practice, and particularly in relation to hygiene, will be given by a speaker from industry. A number of films showing some of the types of problem arising in industry and ways of dealing with them will be shown and the seminar will conclude with a general discussion on what can be done to improve health and safety in the machine shop. Ample opportunity will be given for questions and discussion.

Further information from MTIRA, Hulley Road, Macclesfield, Cheshire, SK10 2NE. 0625 23421-8 and 26189.

● PROCESSING

## Foam slabs produced fast

INITIAL TRIALS of one of Europe's biggest continuous laminators for polyurethane foam slab production are reported to have just been completed by its builder, Maschinenfabrik Hennecke, a Bayer AG subsidiary based at Birlinghoven, West Germany.

The laminator, with an overall length of 80 metres, has a belt length of 30 metres and a production speed of 25 metres per minute.

It produces foam slabs with a standard width of 1.22 metres, in varying thicknesses up to a maximum of 15 centimetres.

A crosscutter (with speed of movement geared to that of the belt) and two trimming units make it possible to produce rebated heat-insulating slabs of the sort used in the building industry.

The table rollers, crosscutter and trimming unit enable complete finished products to be produced. Thus one machine of this type is able to carry out the entire process — starting with the liquid raw materials and finishing up with the palletised insulating slabs.

Electronic open and closed-loop control and monitoring systems govern the flow of components in the liquid phase, the metering system and the entire production process including the extraction of solid or gaseous particles.

The machine is controlled by means of one central switch which permits the amount of material dispensed, the speed of the belt and the motion of the crosscutter to be synchronised.

● MATERIALS

## Painting with powder

POWDER COATINGS are now the fastest growing sector of the industrial paint market. In 1975, the UK demand for thermosetting powders was 1,750 tonnes. Today's figure is nearly twice that amount and consumption is expected to reach 6,000 tonnes by 1982.

Similar progress is reported from Europe where Italy, with an annual production rate of 8,900 tonnes, has the largest growth record. Epoxy-polyester powder is being used extensively in the motor industry to coat passenger cars with primer-surfacer and Fiat is the first European manufacturer to introduce powder electrocoat painting for car bodies. At present over 500 bodies a day are being coated.

These facts were among statements made this week at an international "Progress with Powder" conference and exhibition at Brighton organised by the Paintmakers Association of Great Britain.

Powder coats, which are applied electrostatically, produce tough films which can be in a wide range of colours without the solvents required by conventional paints. Current uses range from decorative coatings for bottles to steel furniture, domestic appliances, machinery and building products.

## Treatment of timber

ANNUAL UK market for ready-to-use wood preservatives according to a report by Industrial Aids is estimated to be about 44m gallons. This is made up of some 30m gallons of water-borne preservatives, 5.5m gallons of organic solvent preservatives and 8.5m gallons of creosote.

The three main outlets are for the pre-treatment of timber (37.5m gallons) remedial treatment (2m gallons) and retail sales (4.5m gallons).

Industrial Aids says no great growth in total consumption is forecast in the next five years because the largest outlet, for the pre-treatment of timber, is dependent on building activity and requirements for preservative-treated joinery. Some growth in the remedial and retail markets is however, expected.

Cost of the report, available from the company at 14 Buckingham Palace Road, London SW1W 0QP, is £250.

What, you may ask on first experiencing a ride in the Citroën CX, have the manufacturers of other cars been doing for the past 20 years?

It would appear they have merely played around with modifications to old engineering principles while Citroën have introduced a whole series of dramatic innovations leading to very definite improvements in the all-important areas of comfort and safety.

Take, for example, the unique self-levelling hydropneumatic suspension.

No amount of money can purchase a more comfortable suspension than this. It absorbs road shocks and bumps so that no matter how rough the surface may be, the ride in the CX remains remarkably smooth at all times.

Nor will heavy loads affect its performance in any way. The suspension automatically adjusts so that the car body is always travelling at a constant height from the road surface.

VariPower steering is also uniquely Citroën.

For parking and at low speeds the steering is finger light and power-returns to a straight line position immediately the steering wheel is released, without requiring any additional effort.

With increasing speed the VariPower steering grows progressively firmer, increasing road 'feel' for safer driving.

VariPower steering also prevents wheels being deflected by loose stones or uneven surfaces. Even when driving on a motorway in strong cross winds deviation from a straight line is negligible.

In the case of a tyre blowout at, say, 70mph, the combination of Citroën's hydropneumatic suspension and VariPower steering would maintain directional stability which would keep the car safely under control. Even when braking.

A selection of the 15 models in the CX range

| MODEL | BHP | TOP SPEED | PRICE |
|---|---|---|---|
| CX 2000 Super | 102 | 109mph | £5442.84 |
| CX 2400 Super (5 speed) | 115 | 112mph | £6085.17 |
| CX 2500 Diesel Super (5 speed) | 75 | 97mph | £6322.68 |
| CX 2400 Pallas (5 speed) | 115 | 112mph | £6697.08 |
| CX 2400 Pallas (C-matic) | 115 | 111mph | £6888.96 |
| CX 2400 Pallas Injection (C-matic) | 128 | 112mph | £7324.20 |
| CX 2400 GTi Injection (5 speed) | 128 | 118mph | £7303.14 |
| CX 2400 Safari Estate | 115 | 108mph | £6251.31 |
| CX 2500 Diesel Safari Estate | 75 | 90mph | £6610.50 |
| CX 2400 Familiale | 115 | 108mph | £6365.97 |
| CX Prestige Injection (C-matic) | 128 | 112mph | £9782.37 |

There are 15 models in the CX range. All offer the advanced engineering and design that combine to make the CX one of the safest, most comfortable cars you can buy.

And at the end of the day what more could you ask from a car than those very things?

CITROËN CX.

CX 2400 Pallas (5 speed) £6697.08.

# At the end of the day it's everything you want in a car.

ALL CX MODELS HAVE RECOMMENDED 10,000 MILES SERVICE INTERVALS. 1 YEAR UNLIMITED MILEAGE GUARANTEE. SUSPENSION GUARANTEED FOR 2 YEARS (MAX. 65,000 MILES). PRICES INCLUDE CAR TAX AND VAT. NUMBER PLATES EXTRA. DELIVERY CHARGE £75.60 (inc. VAT). PRICES CORRECT AT TIME OF GOING TO PRESS. ENQUIRE ABOUT OUR PERSONAL EXPORT, H.M. FORCES AND DIPLOMATIC SCHEMES AND PREFERENTIAL FINANCE SCHEME. CHECK YELLOW PAGES FOR NAME AND ADDRESS OF NEAREST DEALER. CITROËN CARS LTD., MILL STREET, SLOUGH SL2 5DE. TEL: SLOUGH 23808.

CITROËN CX

# THE JOBS COLUMN, APPOINTMENTS

## Thrifty marketer to promote free speech

BY MICHAEL DIXON

SECRETLY, every three months or so various stories, poems and articles are brought together for editing somewhere in Poland. The edited material is smuggled out to London and published in Polish as a literary magazine. Some copies are then smuggled back again, and others are sold openly to readers of Polish in countries free of State censorship.

This publishing service, which is also used by undercover writers in Czechoslovakia, is provided by the London-based Writers and Scholars Educational Trust—a registered charity whose objects are to promote the right to freedom of expression and to thwart and expose infringements thereof wherever they occur.

For example, the latest issue of the bi-monthly magazine Index on Censorship, which is the trust's main product, includes articles critical of Spain, Uganda, Russia, Uruguay and of the ways politicians influence television programmes on news and current affairs in Britain, France, Germany, Italy, Holland and Sweden.

Although the trust's income in 1978-79 was £50,348, it reckons that it needs a further £30,000 annually to secure the future of its work. So the council, which is headed by Mark Bonham Carter and includes Lord Sainsbury, Evelyn de Rothschild, Tom Stoppard and Jim Rose, chairman of Penguin Books, wants to appoint a marketing worker with a name to make.

Let there be no mistake: the job of promoting the Index — half of whose sales are currently overseas — and the other publications and services will be attended by none of the opulence and plush conditions commonly associated with the marketing persuasion.

The salary provided for the newcomer each year until 1981 is only £4,680, and the budgeted spending for the new marketing and publicity only £4,000 a year.

Such figures might seem to impart a certain irony to the fact that the head of sales and administration, to whom the recruit will be responsible, is called Philip Spender. If so, however, it did not in the least inhibit him from emphasising that whoever gets the job will have to do the whole of it personally, right down to licking the stamps.

But provided the incoming man or woman has enough marketing experience and professional dedication to tackle the work effectively, he or she is promised the "enthusiastic backing" of the trust's council and, let's face it, the council members are by no means the least useful people in the world with whom to establish a reputation for success. Perhaps the same thought has occurred to Mr. Spender. "It is a chance for someone to make an impression," he said.

Readers wanting to take it should write, outlining appropriate experience, to him at Index on Censorship, 21 Russell Street, Covent Garden, London WC2B 5HP, and would be wise not to expect replies until mid-April. The telephone number for inquiries is 01-836 0024.

### High-level risk

A DIFFERENT kind of career risk is being offered to Jobs Column readers by Geoffrey King of Cambridge Recruitment Consultants. The employer is a £5m-turnover, 300-employee electronics company "within fairly easy reach of London," which Mr. King may not name. So he guarantees to honour any applicant's request not to be identified to the employer until specific permission has been given (the same applies to today's other job being handled by Cambridge Recruitment).

The electronics concern has been built up to its present position, where with three-fifths of its turnover in exports it is growing rapidly, by the founder who is still well short of 40 years old. But having the urge to re-plunge himself into researching and developing new products, the chief is looking for a consummately professional executive to take over as managing director to run and profitably expand the established business.

Impressive success in general management, including a demonstrably special strength in marketing, is specified by Mr. King. But although he would not say so, it is surely obvious that serious candidates primarily need the capability not just of being selected by, but also of continuing to work alongside the creator of a business.

Wherein that capability lies, is a question which many readers will doubtless be more qualified than I am to answer (if so, I'd be grateful for their advice). But my experience suggests that an essential for success as chief professional manager—or "day-wife," as I once heard the role described by a tycoon—to the creator of a business, is an unshakable sense of personal and professional security on the part of the surrogate manager.

The best example I know of happens to be a regular reader who felt so secure in his competence and its certainty of prevailing that he once simply refused to accept or even acknowledge the sack. Without a word to any one—so as to enable his volatile boss to repent without loss of face—he just left headquarters for a distant corner of the group and went on working as best he could until signals appeared that his former office was once again open to him.

Whether or not Geoffrey King's recruit will need to be similarly bomb-proof, I cannot tell of course. But the rewards are specified. The salary will be up to £20,000, and the perks will include stock options. Inquiries to Mr. King at la Rose Crescent, Cambridge CB2 3LL—telephone 0223 311316.

### Venturesome

THE SAME will supply application forms for an undetermined number of jobs for men and women with impressive records in sales and marketing, which Cambridge Recruitment Consultants is handling for the new ventures group of the main UK subsidiary of an American multinational.

The ventures group is charged with developing various high-technology projects, and the newcomers are wanted to translate these projects into businesses. Their initial base would be south London, but readiness to move elsewhere is important.

"Remuneration package is negotiable up to £9,000," Geoffrey King said, and perks include a two-litre car. "The possibilities are wide and the challenges will require considerable flair and ingenuity," he added.

### All systems go

WHOEVER DIRECTS the planning and engineering of 348 square miles of bus and rail services for 3m people, undeniably has a big job. But then the West Midlands Passenger Transport Executive — now seeking just such a director —is among the country's biggest, with 9,000 employees in 30 different places.

The newcomer will be responsible to director-general James Isaac for the engineering and supplies divisions, and for planning and development work as required by statute and by the West Midlands County Council. Development of local British Rail services is included.

Candidates could come from private or public sectors provided they have experience of senior general management in a big organisation, preferably including similar responsibilities. Financial knowledge is wanted, and relevant professional qualifications would help. Salary bracket £14,058 to £15,342.

Application form from county personnel officer, 1 Lancaster Circus, Birmingham B4 7DJ—telephone 021-300 7824.



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هكذا من الأصل

## Noble Grossart Limited

# CORPORATE FINANCE

Noble Grossart Limited, the Edinburgh based merchant bank, are recruiting at executive level. This is an opportunity for young executives to gain real responsibility over a wide range of corporate finance activities including bid and deal transactions, new issues, investment banking and general financial advice.

Applicants are likely to be in their mid 20's and to have had at least 2 years' experience in corporate finance or directly related disciplines. They will, in particular, have experience of the preparation of corporate finance documents. They will have the intellectual capacity to respond creatively, as well as analytically, to financial problems. They will be interested in the challenge of successfully advising others and have the maturity and resilience of personality which this requires.

The salary will not be less than £8,000 together with an attractive range of fringe benefits. This will be increased for applicants who are particularly suitable. Success will be recognised and rewarded, and the prospects within a growing company are excellent.

Applications with full details of education and experience should be made to:

**The Managing Director, Noble Grossart Limited, 48 Queen Street, Edinburgh EH2 3NR.**

# Financial Controller

## Partnership Potential

## Bristol c.£11,000+car

A national professional partnership of consulting engineers wishes to appoint a qualified accountant to take responsibility for the complete financial affairs of the practice which has an annual fee income in excess of £1m. As a member of the firm's management team, the Controller will be actively engaged in the further development and control of the management information systems.

A qualified accountant, aged under 46, having practical financial and business management experience, preferably in a professional office, will find this an interesting opportunity with attractive future prospects including the possibility of a partnership with the firm.

After an initial period in the Midlands, the Controller will be based in Bristol, but travel throughout the UK, and later abroad, will be necessary.

Please send adequate particulars in confidence to:–
J Finnigan,

Spicer and Pegler Management Consultants, 3 Bevis Marks, London EC3A 7HL.

# Senior Loans Officer

## £18,000 neg+benefits

## London based

We have been retained by our client, a City-based division of a major international merchant banking group, *to recruit a Senior Loans Officer.*

This new position has been created to develop its expanding business in syndicated loans and other primary business. Reporting is direct to the Managing Director.

The area of coverage is worldwide, with emphasis on Europe, the Middle East, and Africa.

An international banker is required, probably in their early thirties, with a successful track record based on initiative and persistence.

Strong contacts are necessary not only with primary and secondary borrowers, but also with the wholesale banks.

Please write with full details, in confidence, to Jack S. Pine, M.A.

*Ref: F1401*

**David Clark Associates**
4 New Bridge Street, London E.C.4
Telephone: 01 353 1867

## Sotheby's

FOUNDED 1744

# Assistant to the Group Finance Director and the London Finance Director

The candidate, aged between 23 and 28, will be a qualified chartered accountant with two or three years' post-qualification experience or will have worked for a similar period in the corporate finance department of a leading merchant bank. Applications, together with a detailed curriculum vitae, should be sent in confidence to:

*The Personnel Director*
**Sotheby Parke Bernet & Co.,**
34-35 New Bond Street,
London W1A 2AA

**Experienced Dealers**
**Experienced Settlement Clerk**
**Telephonist/Clerk**
**Messenger**
**Trainee Dealers**

required by **Provincial Brokers** who will shortly be opening a **London** office.

*Please reply in confidence to Box A.6772. Financial Times, 10 Cannon Street, EC4P 4BY.*

## EMA

# FINANCIAL CONTROLLER

## Newly Qualified

**West End** **c £8,000**

Responsible to the Managing Director and supervising a department of four, the Controller will maintain the financial reporting and management information function, while developing the existing accounting systems. There is a key role to play in contributing to the general management of the company and there will be interesting contact with all the main areas of the business.

A young and expanding publishing company, our client can provide definite directorship prospects. It is soundly financed and has grown rapidly over the past five years, particularly through exports. *Applicants (male or female) should be qualified accountants* aged 24-28 from the profession or industry. Please telephone or write to Stephen Blaney B.Comm., ACA quoting reference 1/1821.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

# Public Relations Manager

A successful record of industrial public relations experience is essential for this appointment in a £200m. turnover company, part of an international group, which bears a famous name and produces a range of branded industrial products.

Responsibility, direct to the chief executive, will be for the whole spectrum of corporate PR and communications, as well as for heading a small publicity staff dealing with press relations and publications. The preferred age is late 30's or 40's; a knowledge of the automotive industry would be helpful but by no means essential.

Salary is for negotiation above £11,000 with car, normal executive benefits and removal help to the Birmingham area location.

Please send brief details – in confidence – to W. A. Griffith ref. B.23528.

*This appointment is open to men and women.*

United Kingdom Australia Belgium Canada
France Germany Holland Ireland Italy
New Zealand South Africa South America
Sweden Switzerland U.S.A.

**MSL**
**Management Selection Limited**
International Management Consultants
**17 Stratton Street London W1X 6DB**

# Manager, Purchasing and Supply

A major British company based in the chemical and petrochemical industries with a turnover of £100m. per year has a vacancy for a Manager, Purchasing and Supply, to be responsible for the procurement of all materials and equipment required for manufacture and for the packaging, storage and distribution of the company's products.

Candidates, aged 35 to 50, must have experience of buying and distribution on a large scale and of negotiating at top level in the industrial chemical field or in a closely allied industry such as oil. They must possess an honours degree or equivalent.

The salary will be negotiable around £12,000. Car provided. Location London.

Please send relevant details – *in confidence* – to P. Hook ref. B.26416.

*This appointment is open to men and women.*

United Kingdom Australia Belgium Canada
France Germany Holland Ireland Italy
New Zealand South Africa South America
Sweden Switzerland U.S.A.

**MSL**
**Management Selection Limited**
International Management Consultants
**17 Stratton Street London W1X 6DB**

## WHSMITH

## FINANCIAL ANALYST FOR CORPORATE PLANNING

**Up to £10,000 plus car**
**Central London**

To support the Corporate Planning Manager in the task of assisting the Chief Executive in all *aspects of short and long term planning in the Company.*

The successful applicant will typically be expected to play a prominent role in the establishment of economic and planning guidelines, the setting of financial targets, the monitoring of business and financial progress, the identification of areas for action including the achievement of new business and the development of a company business model.

He or she is likely to have some years business experience in a planning capacity preferably in the retail or distribution sectors and should have a degree and/or professional qualification with a strong business, economic and financial emphasis.

This new position provides excellent opportunities for an ambitious self-starter, a salary of up to £10,000 annually, a company car, non-contributory pension and other fringe benefits expected of a prominent position in a large expanding public company.

Location is in Central London.

Please send a comprehensive career résumé, including salary history, quoting ref. 970/FT to:

B. S. Tennant,
Touche Ross & Co.,
Management Consultants,
4 London Wall Buildings,
London, EC2M 5UJ.
Tel: 01-588 6644.

## NPA

# Corporate Treasury Services Advisor

## Major International Bank

Our Client, the London branch of a leading U.S. Bank with a worldwide branch network, seeks to appoint an executive to develop and expand corporate money market related services.

The successful candidate will be expected to negotiate with corporate treasurers and finance directors and a thorough knowledge of money markets, tax, foreign exchange exposure and U.S. and U.K. accounting principles is therefore essential.

This is an opportunity for someone with ability and initiative to establish a complete FX and Treasury advisory service and presents a unique career opening.

A competitive and flexible salary package will be offered together with excellent fringe benefits.

**Contact A. J. Tucker, MA, AIB, in confidence on 01-248 3812.**

**NPA Recruitment Services Ltd**
60 Cheapside London EC2 Telephone: 01-248 3812/3/4/5

# Finance Planning Manager-Nigeria

## Circa £21,000 plus car and excellent fringe benefits.

Due to the promotion of the incumbent a vacancy has occured for a qualified and experienced financial professional to join our client's Nigerian concern.

*Reporting* to the Finance Director he will make a vital contribution to the operation's continuing success. The responsibilities will include all aspects of financial planning, cash flow, profitability studies and costing. He will be required to analyse areas of significance relating to manufacturing costs, inventory and consumeables costings and to assess the financial implications of changes in manufacturing capacity, facilities and Sales performance. Also for developing an accurate and effective reporting system on all manufacturing finances.

Candidates for this appointment, aged above 28 years, will have financial knowledge and experience gained in an engineering or manufacturing environment and be familiar with cost control and analysis techniques.

A finance qualification or minimum of HNC in Business Studies and a proven track record plus the ability to motivate and manage staff are essential.

*The salary and excellent benefits attached to this key appointment indicate its* importance within the organisation and include a car, fully furnished housing, electricity and stewards allowances, educational fees, kit allowance, full medical cover and 2 paid air fares home for 2 · 1 months annual leave for self and family.

The initial tour of duty will be for a three year period.

Please apply in writing, giving full but concise details of age, experience, qualifications and salary progression to date, stating the names of any organisation to whom your letter should not be sent, quoting reference No. 649 to R.D. Taylor, Regional Manager.

**Whites**
Whites Recruitment Limited.
Phoenix House, 45 Cross Street, Manchester, M2 4JF.
**Offices: Bristol, Glasgow, Leeds, London and Wolverhampton.**

# Financial Director

## North West c£11,000 pa + car

This is a board appointment with a substantial manufacturing company, itself part of a major division of a British public group. Profitability from a range of industrial products has been sound in recent years, and the need is to plan and achieve the considerable growth which is available in existing and new markets.

Responsibility is to the Managing Director for the full range of functions. There is a particular emphasis on business development and financial planning, and the appointee will take his or her place in a strong team of directors committed to exploring new opportunities for organic growth and acquisition.

Candidates, male or female, will be qualified accountants – but this is not a role for a Chief Accountant. We will be assessing a range of skills including commercial acumen, planning and analytical abilities and the kind of intellectual breadth and aspirations which indicate potential for general management. Age about 35.

Salary is for discussion and may be £12,000 pa for an exceptional candidate. There is a good range of benefits including a quality car and relocation expenses, if required, to an attractive part of Lancashire. To apply, send a curriculum vitae or telephone for an Application Form, quoting reference FDL.

**Cambridge Recruitment Consultants**
1a Rose Crescent Cambridge CB2 3LL Telephone: (0223) 311316

# Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

**INVESTMENT BANKING** c. £7,000 + bonus
Our client is an investment bank whose shareholders include a leading international banking group. At the bank's London office, two attractive career openings exist for graduates aged up to 28 who have two or three years' experience in investment research, management or advisory work. It is likely that one of the successful candidates will specialise in bonds and equities, the other in bullion and commodities – but a flexible approach and international orientation will be over-*riding factors. These appointments* offer a combination of career prospects, financial reward, and job challenge. *Please contact: KEN ANDERSON*

**TRAINING OFFICER** £ negotiable
*Applicants for this position are required to have both practical banking experience* and a professional training background. The person appointed will assist in the establishment of a training school for overseas bankers; this will include writing training manuals, lecturing on specialist banking subjects, and responsibility for administration. Salary and terms (including mortgage benefit) are subject to negotiation on an initial 3 year contract basis. *Please contact: NORMA GIVEN*

**PERSONAL TAXATION OFFICERS** £ negotiable
Our clients currently have two vacancies for persons with knowledge of all aspects of personal tax, trusts, estates etc. The more senior position will require at least 5 years' experience of taxation, including domicile and residence cases; the other position will suit a person with 2 years' personal taxation experience. Attractive salaries are negotiable according to age and experience and there are excellent fringe benefits. *Please contact: NORMA GIVEN*

First floor–entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

# Accountant

Commodity Dealers

c. £15,000+ car+bonus

Re-organisation is underway to cope with recent rapid expansion and to cater for future growth in the London subsidiary of a very dynamic foreign trading company. The new recruit will concentrate on the computerisation and running of financial and management accounting in addition to the day-to-day management of funds and fundings.

This needs a clear thinking and mature qualified accountant, preferably under 45 years of age, who has considerable experience in trading and who operates most effectively in a small, private firm environment with a free ranging, non hierarchical style.

The bonus, keyed to individual performance, can enhance earnings dramatically.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to A. C. Crompton quoting ref.784/FT on both envelope and letter.

**Deloitte Haskins+Sells**
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

# SENIOR GILTS PARTNER
## 30—45

Our client, a major firm of stockbrokers, will shortly appoint a partner who will make a significant contribution to the development of their well-established gilt department. His/her responsibilities will include:—

- ★ The ability to service and maintain contact with a wide range of financial institutions at a senior level.
- ★ Departmental responsibility for assisting in the motivation and leadership of a team of skilled salesmen.
- ★ Assisting in the strategic planning of the department's sales efforts. This would include a contribution to the new ideas that the department will have to produce.

The ideal candidate, probably either a graduate and/or an actuary, will now be working in a senior capacity within the gilt department of another stockbroking firm and already have acquired an effective and creative reputation in the sales area. He/she will therefore have to have, not only the intellectual agility, but also the flair and imagination to play a leading part in our client's expansion plans. The position offers a rare and exciting opportunity with a leading name in the investment world. SALARY IS OPEN TO NEGOTIATION, BUT IS UNLIKELY TO BE A PROBLEM TO THE RIGHT CANDIDATE.

**Career plan**
PERSONNEL CONSULTANTS

Please apply:
Jock Coutts,
Chichester House,
Chichester Rents,
London WC2.
01-242 5775

# Investment operations

Berkeley Square — Salaries Negotiable

Morgan Guaranty requires energetic individuals, in their mid to late twenties, for the following positions in its expanding Investment Division.

## Settlements Supervisor

Experience will ideally include working in an international brokers or merchant bank, a good knowledge of UK and international securities markets and instruction processing.

## Client Accounting Supervisor

Candidates should have at least five years securities related involvement in a multi-currency transaction environment, plus an understanding of computerised investment accounting systems.

Both posts involve close liaison with the respective head of department in the handling of day-to-day problems that a small but rapidly expanding group experiences.

In addition to competitive salaries, there is an annual bonus, a low cost mortgage scheme, plus other benefits including non-contributory pension, medical and life insurance plans, interest free season ticket loans and LVs.

Please write or telephone for an application form to William E. Swainson, Morgan Guaranty Trust Company of New York, P.O. Box 161, 33 Lombard Street, London EC3P 3BH. Telephone: 01-555 3111 extension 2746.

**Morgan Guaranty**
Trust Company of New York

# DRAKE SENIOR APPOINTMENTS

## EARLY MANAGEMENT OPPORTUNITY
c. £10,000 + Car

If you are an energetic professional with knowledge of computer applications you could obtain solid DP sales experience with our client's profitable well-established bureau operation which renders a range of services. A large degree of autonomy is offered and an early Sales Management post should be expected. Located in a pleasant suburb of London, you will be well rewarded for your on-target performance, your initiative and your enthusiasm.

*Contact: DP Consultant   Ref: JE.020/362*

## EXPERIENCED ACCOUNTANT
c. £8,500 + Car

*An opportunity to take charge of the total financial operation for* the London-based UK Division of this well-established international service organisation. Good qualifications and proven track record sought. A strongly marketing biased company with developed systems and controls, you will lead a staff of 30 engaged in all aspects of reporting, analysis and control, and take part in the continued development of the profitable UK Division with eventual involvement in other European divisions. Good opportunity for eventual transfer into line management.

*Contact: Finance Consultant   Ref: AJM.020/389*

## PERSONNEL MANAGER
c. £10,000

A sizeable corporation in a high technology growth Industry is looking for a Senior Member for its UK management team, which position involves all aspects of personnel planning and execution, together with the development of recent IR policy and communications. Early promotion prospects to head up the UK personnel function are envisaged. This would suit an experienced graduate; IPM qualifications useful.

*Contact us quoting Ref: HD.020/364*

*ALL VACANCIES OPEN TO MALE AND FEMALE APPLICANTS!*

Craven House, 119/121 Kingsway, W.C.2.
**Phone: 01-405 0654**

# Financial Director
## West Africa
## $42,030 per annum

An international mining consortium in collaboration with the World Bank operating in the Republic of Guinea require a qualified and experienced Financial Director to assume responsibility for the entire Accounting activities. This will cover all aspects of the Company's operations including cost control, internal auditing and data processing department (IBM 360).

The Financial Director must have a proven record in accountancy management with experience in all relevant spheres together with a knowledge of American accounting system. The position requires that the successful applicant be fluent French/English.

The appointment will be on a two year contract basis which is renewable and the salary will be $2,802 per month free of tax with additional 25% payable in local currency.

Six weeks home leave after 12 months service with paid transportation. Benefits include low rental modern air conditioned furnished accommodation, free medical care and life insurance. Free schooling for children up to the age of 14 years will be provided on location with liberal allowance to cover education outside West Africa above that age.

Please send career details quoting reference H305/FT, to Charles Hyde, Charles R. Lister International Limited, Aeradio House, Hayes Road, Southall, Middlesex, UB2 5NJ.

**LISTER**
Charles R. Lister International Ltd
Personnel Consultants
A member of the IAL Group

# FINANCE DIRECTOR
## (Designate)

A major U.K. multi-national Company wishes to recruit a person of outstanding ability to be appointed as its Finance Director (Designate).

Candidates should have a successful and constructive record in financial control and business development. They should be aged between 35 and 45 and have had experience at a senior level, preferably in a multi-national Company.

The scope of the post would include the supervision of:—

- * The Head Office and Group financial accounting and budgeting
- * The Company Secretarial function
- * The monitoring of the performance of subsidiaries

Remuneration will be substantial and will not prove a bar to the recruitment of the selected candidate.

Please reply in first instance to:—

**WALTER JUDD LIMITED (Ref: 1174),**
**(Incorporated Practitioners in Advertising),**
**1a Bow Lane, London EC4M 9EJ.**

indicating the names of any Companies to whom you do not wish your reply to be sent. If the list includes the Company involved, your application will be destroyed.

# Financial Controller
## Investment Company-Nigeria

This important appointment is with a state owned investment company which has financial interests in diverse businesses such as insurance, engineering, hotel, motor trade and retail stores.

A Chartered or Certified Accountant with merchant banking, investment trust or similar financial institutional background will find this appointment rewarding and worthwhile. Responsibilities will be to the State Government for maintaining the investment company's internal accounts, reviewing and appraising proposals, advising subsidiary companies on reporting and internal control systems.

The appointment is in Kano and a remuneration of equivalent to £10,000 p.a. will be negotiated plus free housing, car allowance and a terminal gratuity on completion of two year contract.

Please send adequate particulars initially, in confidence, to John Finnigan, Personnel Services Division of:–

Spicer and Pegler Management Consultants,
3 Bevis Marks,
London EC3A 7HL.

# FINANCIAL INVESTIGATIONS PARTNERSHIP POTENTIAL

**London — c.£15,000+car**

Our client, a leading firm of Chartered Accountants, now seeks to recruit a senior manager to head their rapidly growing investigations department.

The practice has built up a very strong reputation in the field of investigation work and services a portfolio of acquisitive audit and non-audit clients on a recurring basis. Additionally, the department is frequently called upon to carry out ad hoc financial investigations into a variety of different activities, both nationally and internationally.

Candidates, male or female, should preferably be Chartered Accountants who have had at least three years investigation experience in practice, although individuals with relevant experience in either industry or the financial institutions may also be appropriate. However, as it is the philosophy of the practice to arrive at positive and conclusive recommendations, a creative approach and positive personality are of overriding importance.

This is an exciting opportunity for which the successful candidates will need to display the necessary personal and technical qualities to achieve partnership within two years.

For further written information contact either Paul Carvosso A.C.A. or Richard Norman F.C.A. quoting reference 2414

Public Practice Division
**Douglas Llambias Associates Ltd.**
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel. 031-225 7744

DLA

# ARAB SPEAKING BANKER
## LONDON

A leading European Bank with a substantial international network is shortly to expand its London operations by opening a private client office in the West End. This will service clients from overseas, many of whom are expected to be from the Gulf.

Emphasis will be on the highest level of service, particularly in the field of investment advice.

An executive fluent in Arabic and English with banking experience is required to take charge of the office.

Salary and benefits will be those normally associated with a first-class bank.

Candidates should reply to Box A.6709, Financial Times, 10 Cannon Street, EC4P 4BY, enclosing a full summary of their career to date and indicating in a covering letter the names of any banks to which an application should not be forwarded.

# Chief Executive
**Major Construction Co. — Caribbean**

Our client is a major construction company with operations not only in this country but also in the Middle East and Caribbean areas. They now have a requirement for a Chief Executive for the Caribbean.

Applicants should ideally be graduates, preferably in civil engineering, with in-depth experience of project management in building and civil engineering in all its stages.

Probable age range will be 35-45 and the successful applicant should have had experience of motivating staff and administration of an area office or company. Candidates should possess a strong but pleasant personality with the ability to liaise with senior directors and government ministers in the area concerned.

A substantial salary will be paid, together with the usual benefits associated with working overseas for a large and important company. The position, which is based in Trinidad, has considerable career potential.

Please write to or telephone S. W. J. Adamson, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Herts. Tel: Hitchin (0462) 55303.

**GROSVENOR STEWART**
Executive Search and Selection

# INBUCON
## Managing Director (Designate)
**Manchester Area £15,000 plus car**

For an organisation providing technical services to industry and involved in the research and investigation of problems ranging through physics, chemistry and engineering at all levels from pure laboratory research to pilot or full scale technical production.

On the forthcoming retirement of the present Managing Director, the Managing Director (Designate) will be responsible for the complete technical, scientific, consultative, administrative, financial and marketing functions of the organisation. World wide travel will be undertaken from time to time.

Applicants, male or female, should have a background of science and technology, coupled with marketing experience in an industrial and commercial environment, and be capable of accepting a high level of responsibility and managing an organisation of some 250 people.

Salary will be around £15,000. Company car. Pension Scheme. Relocation expenses.

*Write in confidence to Mr T B Miller quoting reference 1473.*

INBUCON MANAGEMENT CONSULTANTS LIMITED
Executive Selection
Paul House, Park Road, Timperley, Altrincham, Cheshire WA15 7UP.

# *Financial Accountant*
## *Insurance: EC4*
***Negotiable salary & Mortgage assistance***

A well-known International Insurance Group requires an ACA or ACCA to take charge of the day-to-day financial accounting operations of its London Market operation (p.i. £50m).

Candidates with relevant experience are asked to contact Mr. D. R. Whately. His private telephone number is 01-623-9227 and the reference is 465.

*WHATELY PETRE LIMITED,*
*Executive Selection,*
*6 Martin Lane, London EC4 0DL.*

WPL

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115 Mount Street, London W1Y 5HD, 01-493 1309/1085.

هكذا من الأصل

EMA

## TREASURY ASSISTANT

### Oil Services

**London W1** — **c £9,000**

Reporting to the group's Eastern Hemisphere Treasurer the Assistant will participate in the full spectrum of treasury work. An international money management reporting system is being implemented throughout the region and the Assistant will help develop this further, liaise with bankers and deal with a variety of exchange control matters. The Treasurer travels 35% of the time and the Assistant will be responsible for the complete treasury function during his absence.

Controlling turnover of $75 million in the UK, Europe, Middle East and Africa, our client is the regional headquarters of a substantial US public company providing a variety of equipment to the oil exploration and production industries. Applicants (male or female) aged 25-35, should have a minimum of two years' treasury experience and ideally an accounting background. Please telephone or write to David Hogg FCA quoting reference I/1822.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

## Economist

Chase Manhattan Bank wishes to appoint a suitably qualified young economist to join its London based Economics Group working under the direction of Professor Geoffrey Maynard, Director of Economics, Europe and the Middle East. The person appointed will have particular responsibility for money and foreign currency market analysis, but will also be expected to participate in the general economic appraisal and intelligence work of the Group.

Applicants should preferably be in their 20's. They should be well qualified in economics generally and have been trained in quantitative methods of analysis. Ideally, they should have had relevant experience or have strong interest in money market analysis, and be acquainted with the working of monetary institutions in the UK and elsewhere. Knowledge of a European language would be a substantial advantage.

The post carries with it an attractive salary and other benefits consistent with a key role in a major International Bank.

Apply in writing, giving full details of qualifications and experience, and names of referees who may be consulted, to: Professor Geoffrey Maynard, Director of Economics, Europe and Middle East, The Chase Manhattan Bank N.A. P & O Building 8th Floor, Leadenhall Street, London EC3P 3JL.

**CHASE**

## ACA- Oil Industry

**London** — **to £8000**

- The company is British-controlled, operating internationally in oil and gas exploration, and is expanding rapidly.
- The position offers excellent experience, as a member of the small and informal finance team, with involvement initially in financial accounting, management reporting and cash management. It is an ideal first step into industry.
- The future career potential for candidates, ideally aged 24-28, within the group will depend only on the ability to succeed in a growth environment. Personal qualities should include initiative and the ability to work with minimum supervision.

Please reply in confidence with concise personal and career details, quoting Ref. U817/FT, to D. E. Shellard — Executive Selection.

AYMS — Arthur Young Management Services
Rolls House, 7 Rolls Buildings
Fetter Lane, London EC4A 1NL.

**EUROBONDS:** leading investment bank seeks experienced person 20's to manage settlements area. To £6,500 a.a.e. Monica Grove Recruitment Consultants. 839 6542.

## Marketing Director

### Consumer Products • Around £13,000 p.a.

This is a new appointment in a successful, fast growing subsidiary company of a major British conglomerate. The company has extensive international interests and holds significant shares of its several consumer goods markets in the U.K.

The Marketing Director will be accountable for maximising growth and profitability throughout the U.K. market and will be supported by an established marketing team. Reporting to the Managing Director, he or she will be responsible for defining marketing strategy and for the effective use of marketing resources in the development and execution of practical marketing programmes.

Candidates, preferably graduates and aged 33-40, must have at least five years' senior marketing management experience in a major consumer goods company or group whose marketing disciplines are highly developed. Starting salary is negotiable as above with company car, bonus, pension and BUPA schemes.

Please write, in confidence, with relevant career data to H. C. Holmes, Bull, Holmes (Management) Limited, 45 Albemarle St, London W1X 3FE.

Bull Holmes
PERSONNEL ADVISERS

## General Manager -Cigar Tobacco Company

**Honduras** — **Salary not less than £13,500 net of tax**

Booker Agriculture International either manages or provides technical, consultancy and advisory services for sugar and general agricultural projects in more than 30 countries throughout the world.

As a result of recent business expansion there is a new and challenging opportunity for an experienced manager to take charge of a tobacco estate and cigar company in Honduras.

The successful applicant will be based in Tegucigalpa but will be required to travel to the United States and elsewhere in the course of his work. His key objective will be to increase significantly the production of all grades of raw tobacco and the manufacture of cigars from their current level of 2½ million per year. The General Manager will be assisted in meeting his objectives by resident production, administration and sales managers, backed by technical visits from Booker Agriculture International and other Booker McConnell specialists.

The company seeks to appoint an experienced manager with proven success at senior level. Previous experience of agricultural management, first hand knowledge of tobacco production and cigar manufacture together with fluency in Spanish are clearly highly desirable for the post.

The appointment is on permanent and pensionable terms. International transferability is an integral part of career development. Terms and conditions, in addition to the net of tax salary, include clothing, disturbance and education allowances, family passages, paid home leave, medical scheme and free accommodation.

Please send brief details of qualifications and experience to:
W. J. Romanowski,
Manager – Central Personnel Services,
Booker Agriculture International Ltd.,
Bloomsbury House,
74/77 Great Russell Street,
London WC1B 3DF.

BOOKER AGRICULTURE INTERNATIONAL

## COMMODITY BROKER

We require an ambitious and experienced trader who is capable of producing new business and has an interest in joining a growing young company. For an appointment please telephone or write to:

Michael Overlander
S.O.M. Florin Commodities Ltd
6 Bevis Marks London EC3.
Tel: 01-283 2335.

## International Management Audit/Consultancy

### City Base - Extensive Overseas Travel

Because of continuing expansion, a new department is being formed, as part of the Head Office of a major international trading group, for the purpose of auditing operations, internal controls and systems, designing and implementing management information systems and to assist in analysing operating company performance and investigating prospective acquisitions. Staff may also be seconded to operating companies for short periods to assist in resolving other, related, problems.

Applications are invited for the following senior positions:

### Computer Consultant

**c. £10,000-£12,000 p.a. plus car — Age 30-35 years**

An experienced computer specialist with experience in systems analysis and design and who has headed a data processing department. He / she will preferably have spent some time in consultancy practice working on the design, specification and installation of data processing applications.

### International Management Auditors

**c. £8,000-£10,000 p.a. plus car — Age 28-32 years**

Qualified Chartered Accountants with 3-4 years relevant experience in management consultancy or industry, who wish to be exposed to operating problems in a trading environment and who feel they have a significant contribution to make in resolving those problems.

### Assistant International Management Auditor

**c. £7,000-£8,000 p.a. — Age 24-28 years**

*A newly qualified Chartered Accountant with or without post qualification experience wishing to make his / her first move out of the profession. Unmarried applicants only will be considered for this position.*

Other benefits for each of the above positions include a subsidised mortgage after two years service, non-contributory life insurance and Permanent Health Insurance schemes, contributory pension scheme and free use of a senior staff luncheon room. A contribution towards relocation costs will be made in appropriate cases.

Successful applicants, male or female, who will be required to travel extensively overseas, can expect interesting and rewarding careers with opportunities for progression into line management, both in the U.K. and abroad.

Please write with full details of qualifications, experience and personal particulars to Position Number ASI 7234, Austin Knight Limited, London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

## TRADED OPTIONS

### Salesman

VdaC

VICKERS da COSTA LTD., Members of The Stock Exchange, and leaders in the London Traded Options market require a further institutional salesman.

Applicants (male or female) must have a working knowledge of statistics and experience in contacting institutional investors. A competitive salary depending on age and experience is envisaged.

*Apply:*— Personnel Manager,
Vickers da Costa Ltd.,
Regis House, King William Street,
London EC4R 9AR. Tel: 01-623 2494.

## FINANCIAL CONTROLLER

### Aged Mid 20's-30

**North London** — **to £11,500 + car + bonus**

Our client, the U.K. subsidiary of a multi-national corporation, is involved in the marketing and distribution of technical and scientific instruments for biochemical, medical, electronic and industrial applications. The Group has maintained a constant growth rate in recent years and attributes success to active and dynamic management reacting to changing market trends.

The Controller, reporting to the Managing Director, will have total responsibility for the finance function and subsequently be required to advise on the financial impact of marketing and other commercial decisions.

Candidates, male/female, will be qualified accountants, preferably aged 26-30 with some post qualification experience, and should have the personal presence and ability to communicate effectively with management of all levels and disciplines.

For further information regarding this appointment please contact Robin F. Taylor, C.A., B.A. or Nigel V. Smith, A.C.A. quoting reference 2419

Commercial/Industrial Division
Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

## INTERNATIONAL BANKING

### £3,500 - £7,000

Our client list includes most of the genuinely active International Banks in the City, giving rise to an extensive portfolio of progressive career opportunities embracing:—

- Foreign Exchange.
- Bank Accounting.
- Internal Audit.
- Eurobonds/Securities,
- and Credit Analysis.

Openings occur from junior through to senior level and with banks of widely differing size and "flavour."

To discuss the possibilities in the light of your own experience and career objectives, please telephone either John Chiverton, A.I.B., or Ann Costello.

JOHN CHIVERTON ASSOCIATES LTD.
31, Southampton Row, London, W.C.1.
01-242 5841

## SENIOR EUROBOND DEALER

### BANKING

**Age 26-32** — **£10,000+**

The Merchant Banking arm of a major *American Bank seeks to appoint a fully-*experienced Senior Dealer to the above position. The successful candidate will be expected to deputise for the Manager in his absence and therefore must have a minimum of three years' trading experience with a recognised institution. The job involves the complete range of secondary market trading and the placing of new issues. Additionally, the appointee will be expected to conduct research on behalf of clients and advise generally on investment matters related to the Eurobond market.

The Bank's intention is to expand substantially this area of activity in the medium-term future and as a result can offer a well-defined career progression. The salary is negotiable and the fringe benefits befit the seniority and importance of the appointment.

*Please telephone, in confidence, Mark Stevens*

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

BANQUE BELGE LIMITED

## F/X DEALER

The current expansion of our dealing room activity has created the above vacancy. We are seeking a self-motivated dealer in his/her mid-twenties with two to three years' experience in dealing a spot currency, and a sound general banking background.

Salary is competitive and a generous range of benefits is provided.

Please send a brief curriculum vitae in confidence and apply to:
P. N. Harris, Staff Manager,
BANQUE BELGE LIMITED,
4, Bishopsgate, London EC2N 4AD.

A Subsidiary of Société Générale de Banque S.A. Generale Bankmaatschappij N.V.

## Chief Accountant

**ADVERTISING/MARKETING**

**Central London**

A key job in a group of companies employing some 250 people and providing *specialist advertising/marketing/PR and related services*

Reporting directly to the Chief Executive, the role encompasses all aspects of management and financial accounting in a complex and interesting business.

Our client is looking for a qualified accountant with a real interest in effective financial management. Preferably aged 28-40, candidates should be able to demonstrate a record of success in a management capacity, as well as an understanding of financial data processing – responsibilities include a mini-computer operation.

Skill in maintaining a high level of efficiency within the total accounting function is essential, as is the ability to work effectively with senior management. An aptitude for the legal aspects of management would strengthen an application.

Career prospects, in terms of a Board appointment after an initial period of acquaintance, will appeal to the right individual. Salary and bonus will give attractive remuneration, and a car will be provided after a period of satisfactory development.

**PERSONNEL ADVERTISING LIMITED**
Please write in the first instance, giving a brief career history to David Macmillan, Personnel Advertising Limited, 22 Red Lion Street, London WC1R 4PX. All replies will be passed to our client unless we are instructed otherwise. Please quote ref. GRS 514.

EMA

## SYSTEMS AND PROCEDURES ACCOUNTANT

Recently Qualified

Berkshire c £7,300+car

Reporting to the Head of Accounting the Systems and Procedures Accountant will play a leading role in the development of computerised systems. With new equipment being installed, extensive liaison with home and overseas controllers will be necessary to ensure that adequate controls are provided and required information produced.

Our client, the rapidly expanding international division of a US public company, has an impressive profit record and a turnover in excess of $200 million. Aged 25-28, applicants (male or female) should be qualified accountants with computer systems experience. Please telephone or write to Stephen Blaney B.Comm., ACA quoting reference I/1818.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

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Percy COUTTS & Co.
01-839 2271
140 Grand Buildings
Trafalgar Square,
London WC2.

## Taxation Assistant
### Glasgow

BNOC's involvement in offshore exploration and development is continuously advancing, and further expansion in 1979 will be intense.

The Corporation is increasing its staff in the Glasgow based Taxation Department, and there is now a challenging opening for an ambitious individual to be involved in giving advice to management on tax matters, the preparation of tax computations and their agreement with the Inland Revenue.

Applicants, preferably aged 25 – 35, will either be qualified accountants or have relevant Inland Revenue training. In either case sound experience in either the profession/Inland Revenue or with the Tax Department of a large commercial concern will be expected. Although familiarity with procedures of the special tax rules for North Sea operations would be an advantage, the basic pre-requisite is that you must possess the intellectual calibre which will enable a constructive contribution to the effectiveness and development of the taxation function within the Corporation.

The position offers a stimulating environment in a young, active organisation and prospects for personal advancement are excellent. Salary and other employee benefits are highly competitive including an unusually attractive pension scheme and generous relocation assistance where appropriate.

If you are interested in this opportunity contact:

The Recruitment Officer,
The British National Oil Corporation,
150 St. Vincent Street,
GLASGOW G2 5LJ.
Telephone Number: 041-204 2525

This position is open to male and female candidates.

BNOC
The British National Oil Corporation

## Remuneration Consultancy – Benefits Emphasis
### Five Figure Earnings Plus Car

HAY Management Consultants are advisers on remuneration to over 300 clients in the U.K. We are looking for a man or woman to join our Employee Benefits Division which advises client organisations on every aspect of their benefits policy and practice: from the initial survey of employee preference through to the implementation of specifically designed benefits packages. Our annual Benefits Comparison has over 230 participating organisations.

Previous consultancy experience is not essential; alternative experience might have been in the benefits field with a large employer, in actuarial practice, accountancy or personal taxation. We are looking for someone capable of working on a wide range of projects, with colleagues from a variety of disciplines, of impressing others with his/her technical capability and of contributing significantly to the development of the business.

The post is located in our U.K. Head Office at Victoria: it will involve a limited amount of travel within the U.K., and occasional visits to our sister organisation in the U.S.A.

Please write to, or telephone for an initial discussion:

Philip Burnford,
HAY Management Consultants,
52 Grosvenor Gardens,
London SW1 0AU.
Tel: 01-730 8371.

HAY MANAGEMENT CONSULTANTS

## Assistant Manager ~Software
### Up to £11,000+outstanding benefits

Operating a complex international network, from a London main base, our clients are one of the World leaders in commerce, utilizing a wide range of IBM hardware and software.
Reporting to Senior Management, the Assistant Manager Software will be responsible for major aspects of the Company's systems programming needs.
He/she will have a confirmed management track record and in-depth experience of modern IBM operating and database software.
Experience of associated communications software would be an advantage.
Please send your curriculum vitae in strict confidence to T.D.A. Lunan at the address below or telephone 01-437 2515 (24 hour live answering service) for a personal history form quoting reference number 297

Lunan
Management Selection Division

T.D.A. Lunan & Associates Ltd.,
1, Old Burlington Street,
London W1X 1LA.

## Investment Manager
### London £10,000 plus & car

A re-organisation of the administration of the Abbey National Building Society Staff Pension Fund has created a new position of Investment Manager. The post will be based in Abbey House, Baker Street, London NW1.

The Pension Fund's assets are in excess of £25m; the Investment Manager will report to the Secretary of the Pension Fund and the job will involve continuous monitoring of equity and other sectors. In-depth investment research and analysis including company visits will be necessary.

The commencing salary will be within the range £10,000 – £10,500 and the fringe benefits include schemes for BUPA membership, season ticket loan, an advantageous staff mortgage and use of a company car.

The successful applicant would be educated to degree level, be aged up to 35, and have 3 or 4 years' experience, in a similar environment or stockbrokers' office, in analysis and/or management of a balanced portfolio.

*Please write briefly in the first instance to*

J. A. Ainsworth, Personnel Manager,

ABBEY NATIONAL
Building Society, Abbey House,
Baker Street, London NW1 6XL.

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## Financial Planning and Budget Manager
### c.£10,000 + car

A young Chartered Accountant is required in the Head Office of a UK subsidiary, turnover £60m+, of an American multi-national company as Financial Planning and Budget Manager.

Located in North West London the position involves all aspects of the preparation of budgets and forecasts and the monthly reporting of actual results. Substantial use is made of computers, both in house and time sharing. Applicants must be prepared for detailed involvement and be able to work to tight deadlines.

We are looking for a Chartered Accountant, male or female, with a good basic accounting background who will be able to develop with the expected growth of the company. Some experience of budgeting and planning would be an advantage.

The preferred age is around 30 and the salary for the successful applicant, who will report to the Chief Accountant, will be £10,000 plus car, pension and life assurance benefits.

Please write with full career details to Position Number ASF 7241, Austin Knight Limited, London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

## Group Treasurer
### c. £14,000

The determined international growth of this quoted British group creates a particularly interesting role for the Treasurer. The company is highly regarded by leading institutions in the UK and abroad, and the development of these relationships will be an important part of the work at the Central London headquarters. Cash planning and management, as well as an active Forex section will also be under the Treasurer's control. The Board and senior financial management place considerable reliance on the Treasury function, and it is essential that candidates can generate substantial credibility at the most senior level. Equally, an innovative approach to obtaining funds on a world-wide basis, and the ability to contribute to acquisition and similar negotiations, is expected. City experience is required, as is a degree or professional qualification; age — early 30s. Appropriate remuneration will be negotiated at the level suggested, with a profit related element.

*PA Personnel Services Ref: AA26/6804/FT.*

*Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.*

PA Personnel Services
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA
A member of PA International

## PARIS
### Operational Auditor c. £14,000 + Benefits

Our client is a major international group with world-wide interests and a turnover in excess of 4 billion francs.
They are seeking a Chartered Accountant to programme and conduct financial and investigative audits to the highest professional standards. Controlling teams of up to six personnel, responsibility will be direct to the International Manager to whom detailed reports will be submitted.
Applicants should be aged 25-28 with some knowledge of French and possibly German or Spanish. At least 50% of the time will be spent on audits in Europe including Greece as well as Africa and South America. Objectivity, analytical ability and sound business judgment are prime requisites for this position.
In addition to an attractive salary there are the usual big company benefits plus 24 working days' holiday per year.
Applications to R. J. Welsh or A. B. Buchan

*Reginald Welsh & Partners Limited.*
*Accountancy & Executive Recruitment Consultants*
*123/4 Newgate Street, London EC1A 7AA Tel: 01-600 8387*

## SENIOR EUROBOND TRADER

We are searching for an experienced Senior Trader to join our Eurobond team in Paris.
Our selection process will take into account leadership qualities, self-reliance and initiative, experience in handling large and multi-currency transactions, language ability and back office knowledge.
Compensation will fully reflect the candidate's experience and responsibilities.
Please reply in total confidence and with all information that you deem pertinent to W. A. Imthurn at the address below. Mark the envelope "Confidential."

SMITH BARNEY, HARRIS UPHAM & CO.
*Incorporated*
7, Place Vendôme 75001 Paris

Nationwide
Building Society

Britain's third largest building society, with nearly 400 branch offices throughout the United Kingdom and assets approaching £3,500 million, invites applications for the position of

## SECRETARY

which has become vacant on the promotion of the former holder to Assistant General Manager.

Candidates should be in their early thirties with an honours degree or a secretarial qualification supported by a sound background in administration.

The Secretary is required to undertake the statutory and other related duties normally associated with company secretaryship in a manner consistent with the image of a forward looking organisation having an impressive record of development.

The appointment will carry a minimum commencing salary of £9,000 per annum. A car will be provided and generous assistance will be given with house purchase. The successful candidate will become a member of the Society's BUPA Scheme and will be required to become a member of the Superannuation and Sickness Funds. In certain circumstances it is possible to transfer the benefit of existing pension rights.

Applications, giving full details of qualifications and experience should reach the address below by the 12th April, 1979. Envelopes should be clearly marked "Confidential Appointment."

Chief General Manager
Nationwide Building Society
New Oxford House
High Holborn
London WC1V 6PW

Banking
## LOANS/SECURITIES CLERK
### (AGED 20-25)

Required by Banking Division of well-known City Investment Trust in EC4 area. Preferably having experience in a branch banking environment with particular knowledge of loans and securities procedures.

The successful applicant will be required to monitor and control operation of loan accounts and current accounts and have the ability of liaising with customers at all levels. Plenty of opportunity to use own initiative and become involved in all aspects of banking.

In addition to generous salary in accordance with age and experience, there is a non-contributory pension and life assurance scheme, assistance on mortgage facilities, permanent health insurance scheme, free BUPA cover and 75p luncheon vouchers per day.

*Please apply in writing in strictest confidence to:*

Box L170, Walter Judd Limited
(Incorporated Practitioners in Advertising)
1a, Bow Lane, London, EC4M 9EJ.

## SECRETARY TO THE MANAGEMENT AND INDUSTRIAL RELATIONS COMMITTEE AND THE COMPUTING COMMITTEE

£5,678-£7,422

The Social Science Research Council is a Government funded organisation operating under Royal Charter, which promotes, supports and carries out research in the Social Sciences.

The Council whose Headquarters staff of 162 are all engaged in administration, requires a Secretary to the Management and Industrial Relations Committee and the Computing Committee.

The successful candidate should be at least 27 years old and have a good honours degree in a relevant Social Science. A postgraduate qualification and/or experience of research administration would be an advantage. An interest in Computing would be an advantage, although the responsibility for Computing may shift to another Committee.

The salary scale, which is under review, is £5,678-£7,422 (including London Weighting). Starting salary may be above the minimum, depending on experience and qualifications. The hours of duty are 36 per week excluding lunch hours, and the annual leave entitlement is 22 days plus 10½ days public and privilege holidays. The Council has its own non-contributory pension scheme.

Application forms and further details may be obtained from Mrs V Bishton (Ref: SSO/M/FT), Social Science Research Council, 1 Temple Avenue, London EC4Y 0BD. Tel: 01-353 5252 ext. 111. Closing date: 5th April, 1979

## APPOINTMENTS WANTED

**PROFESSIONAL BUSINESSMAN**
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# THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

Doing is their way (left to right): George Pincus, Michael Manton, David Abbott, Ivor Samuels, Keith Nicholson, Richard Humphreys, Stuart Bull.

# A name to call your own

BY MICHAEL THOMPSON-NOEL

; THE WORLD of advertising u are recognised by your first me or you're barely known at . You're Jeremy or Frank or gel, David, Charles. If you're commonly well known you me yourself The Kirkwood mpany. If you're quite unard of it can be dispiriting rd work.

Perhaps the search for fame d glory is one reason why so ny advertising agency titles e mere name-agglutinations, why some advertising men e so visibly attracted to the ea of breaking away and setg up their own shops, either m scratch or under a purased umbrella? Perhaps. At st sight the fame and glory eory appeared to be upheld at is week's IPA Society meeting ich addressed itself to the bject of starting up an ad ency and asked whether rung your own shop really was e answer to an ambitious ad n's dreams.

There were four speakers, ch from successful newish encies whose names add up to extremely lengthy roll-call. ere was David Abbott, of bott Mead Davies and ckers; Ivor Samuels, of muels Jones Isaacson Page; ith Nicholson of Bellamy cholson Reeves Robertshaw, d George Pincus of Pincus dler Arthur Fitzgerald. For od measure, I also talked s week to Michael Manton of nton Woodyer Ketley, and to chard Humphreys and Stuart ll of Humphreys Bull, two en newer agencies.

Pincus Vidler started two years ago and now bills £3.9m. Bellamy Nicholson began three years ago and bills £3.7m. Abbott Mead was formed in late 1975 and is now turning over £6m. And Samuels Jones opened in October, '74, and is billing £5.2m.

According to the best guess available, between 30 and 50 new agencies have set up shop over the past five years, for whom the aggregate success rate has not exceeded two in ten. As Bill Murphy, deputy chairman and chief executive of McCann-Erickson, explained when introducing the four speakers, it is clear that starting a new agency is a relatively high-risk venture and that not everyone is suited. Apart from anything else you need guts, talent, intelligence, energy, acumen, organisational skills, financial backing and the innocence of Alice in Wonderland.

Why launch out on your own? The terrible twins, ambition and greed (ambition in the sense, at least, of seeing your own name over the door; greed in the sense of lucre), didn't seem to feature highly at all. Much more important driving forces, it seemed, were boredom and frustration with existing jobs (particularly the chores of administration and the daily round of office politics which in large agencies deposit a significant proportion of the workforce a great distance from the reality of ad-making), and of course the wish to turn one's hand to work of one's own choosing under terms and conditions of one's own formulation.

Surprisingly, start-up capital and overdraft facilities appear among the least significant problems for a new agency, at least so long as the founding partners can convince the bank that they know approximately what they're doing.

David Abbott thought it wise to have at least six months' overheads in hand before opening shop. According to George Pincus: don't borrow money from merchant banks, don't use factors and go for clients who pay up quickly. According to David Abbott: don't give equity away for money, and don't assume that you have to be famous to make a go of it: "You don't have to be well-known but you *do* have to be good." According to Ivor Samuels: don't rely on promises, for a promise of business is a guarantee that the client will give you nothing at all. According to all four: one of the most vital priorities in the early days is exercising the greatest possible care over the clients you accept and the campaigns you undertake, for it is an agency's earliest work that colours its progress and reputation, perhaps for years to come.

Manton Woodyer and Ketley and Humphreys Bull are even younger enterprises than the four already dealt with, but they are clearly making progress. Manton Woodyer was formed in June, '77, by which time chairman Michael Manton and his fellow directors had completed negotiations for the purchase of the old Allardyce agency from the Kimpher group.

Allardyce was a 40-year-old agency that had suffered seven mergers in the course of its career. Uniquely, Manton Woodyer Ketley thus launched out on its own with start-up billings of £6m, though the first thing it did was part company with £1m worth of Brentford Nylons advertising, whose reputation it did not want. This was a delicate operation, for at the same time as shedding its Allardyce skin it wished to preserve its good relations with its other clients. It has totally succeeded. It has won £1m worth of completely new business, including Hoverlloyd and the Spontex consumer products division of the Viscose Group, as well as £1m worth of extra business from existing clients, the three biggest of which are Butlins, Hoseasons and Hornby Hobbies.

"The most important thing we've done is radically change our attitude towards our clients and our business," says Michael Manton. "There really is a great feeling of self-sufficiency in running your own ship."

MWK's early course of deliberate stabilisation was not one that concerned Humphreys Bull, which started from scratch on April 5, 1977. Richard Humphreys was media director at Roe Downton, Stuart Bull an account handler at DWK. (They'd met at Garland Compton.) Their motives were straightforward: they had their own ideas about running an agency and hoped that much tighter client relationships, free of politics and toadying, would give them the freedom and scope to produce the sort of advertising in which they believed.

They spent £50,000 on premises in Dean Street (virtually opposite MWK) and set aside £55,000 to cover 12 months' salaries for a start-up staff of eight. Nothing happened for six months, but then Arcade Records (Europe and the UK) joined the fold, followed, progressively, by Waddington, Uniroyal, Allmilmo Furniture, Prowoda, Schiaparelli, Slazenger Puma, Oriel Foods and, most recently, the Peugeot 604, an account worth at least £500,000. Whatever they're doing, they're doing it right.

The staff is now 19 strong and forecast income this year is approximately £450,000 for a billings-equivalent of £3m. They say it is difficult to predict how far the agency will grow before they run any danger of losing sight of their original objectives.

# Research: perks beside the sea

***After two years' sustained growth, market researchers believe their business has undergone profound change. Report by ANTONY THORNCROFT***

IT WILL BE HARD to move around Brighton today without stumbling over market researchers. When business prospers, research companies allow their executives down to the seaside for the annual Market Research Society conference, partly as a perk and partly to protect existing clients from rivals as much as to tout for new contracts. In 1978, market research prospered as never before, so it is no surprise that there is a record turnout of delegates this week.

Expenditure on market research last year rose by 29 per cent, an improvement on the very good gain of 24 per cent in 1977. At least that was the rise in turnover of the 27 research companies that belong to the Association of Market Survey Organisations, but since AMSO represents the largest companies and reckons its members account for two-thirds of all research work, it is highly representative. In cash terms, total income was almost £40m, suggesting that the overall value of research in the UK is around £60m, plus the stable, or declining, sums that companies spend on their own internal research departments and projects.

If any excuse was needed to make the most of the conference it is that 1979 is unlikely to be so good. Business has picked up after a depressing January and February, and some companies still anticipate a 20 per cent rise. But the general view is that if market research can show some real growth over and above inflation that will be good enough. The optimists point to the fact that research always does better in an economic downturn than advertising because companies are reluctant to sacrifice their investment in continuous surveys and because research is cheaper.

They also believe that the sustained boom has created a sea change. At last research has become established. It is constantly referred to in the media and has a proven track record. The pessimists look at their level of enquiries and shake their heads. Last year there were enough jobs for everyone: now the research business is becoming competitive again.

For an industry that makes its money out of figures, the statistics supplied by research companies about their own financial health are often misleading. Some are private companies that do not want to make too big a profit; others are owned by advertising agencies who charge large service fees and so depress the stated profit.

**MARKET RESEARCH TOP 20 (£'000)**

| | Year | Turnover | Pre-tax Profit | % Margin |
|---|---|---|---|---|
| Nielsen | 8/78 | 6,499 | 937 | 14 |
| N.O.P. | (78) | 5,150** | 536* | 10 |
| Research Bureau | (78) | 4,231 | 265 | 6 |
| Attwood Statistics | 4/78 | 2,708 | 121 | 4 |
| BMRB | (78) | 2,476 | 137 | 6 |
| Research Services | (78) | 1,960 | 121* | 6 |
| MIL | 4/78 | 1,600 | 37 | 2 |
| RSGB | 4/78 | 1,547 | 123 | 8 |
| Marplan | (78) | 1,490 | 65 | 4 |
| MAS | 10/78 | 1,384 | 26 | 2 |
| Louis Harris | (78) | 1,381 | 78 | 6 |
| T.N.A. | 3/78 | 1,078 | 86 | 8 |
| Schlackman | (78) | 1,050 | 30 | 3 |
| STATS MR | 3/78 | 938 | 15 | 2 |
| PAS | 978 | 774 | 71 | 9 |
| Gallup | (78) | 750 | 45 | 6 |
| MASS OB | (78) | 730 | 48 | 7 |
| Gordon Simmons | 5/78 | 603 | 63 | 10 |
| Burke | (78) | 552 | 21 | 4 |
| BJM | 11/78 | 516 | 40 | 8 |

* Before profit sharing.
** Includes dividend but not turnover from minority share-holding in MORI.

Source: AMSO

But at least the table underlines the 1978 growth and also indicates the relatively low profit margins.

Profits will be squeezed further this year, for BMRB has precipitated a general increase in payments to field force interviewers. The boom of last year was hampered by shortages of good interviewers, and to steal a march BMRB offered 50 per cent more in some cases. Its competitors have followed suit. The cost of gathering the statistics is one of the main factors in the expense of an assignment so clients will be asked to pay more for research this year at a time when they may be less willing to commit any money at all.

The companies that are most optimistic about 1979 are, as usual, those with well-established continuous surveys. AGB, which has diversified effectively into magazines and computers, still expects to grow by almost 30 per cent on the research side, thanks to Index, its major new financial survey which should break even, or better, in the next financial year, as well as such staples as JICTAR and the TCA. It is also launching a continuous survey through Industrial Market Research, a novelty in this sector of the industry.

All told, AGB should bring in £10m from research, stretching its lead over Nielsen, which concentrates on retail auditing but does it extremely profitably. The only danger to AGB is that its success, symbolised by its recent acquisition of once arch-rival Attwoods, will worry clients who prefer a more open and competitive market, but so far AGB has managed to keep companies happy by the thoroughness of its service.

Other research companies to prosper in the more difficult climate will be those with international connections and with government contracts. Research costs in the UK are considerably below the level on the Continent, while the techniques are more advanced. The public sector is a significant, if temperamental, buyer of research, its involvement controlled by the level of government expenditure. But at present, five companies, Research Bureau, BMRB, Marplan, PAS and Research Services, are extra busy because they have been chosen to handle the latest survey on dwellings, which is worth around £1.25m over the next six months alone.

To some extent the pressure of work in 1978 caught companies on the hop. They had run down recruitment after the 1975 slump and have had to poach trained executives to handle new business. The great gainers have been the researchers with four or five years' experience who have seen their salaries hopping towards the £10,000 mark. Now companies have signed up fresh graduates and are well prepared for new assignments. One advantage of higher profits is that it enables companies to take a tougher line with clients, and the AMSO members have agreed that from April 2 they will charge £100 each for proposals if there are four or more research companies putting in for a particular project. They have also decided to check more thoroughly the quality of their fieldwork.

Despite the fact that there are 150 firms chasing contracts, this is a remarkably stable business. Perhaps the low profits dissuade entrepreneurs, although, at an AMSO average of 8 per cent last year, profits have doubled recently.

Yet there is always scope for new surveys in specialist areas, for discovering areas of research which will buck depressions. For example, in 1979 some companies are going to do less well because of the economic uncertainty caused in part by the election, but a few more will be trying to forecast the result, and will improve their turnover by a collective £500,000.



## APPOINTMENTS



*Notice of Redemption*

## Copenhagen Telephone Company, Inc.

**(Kjobenhavns Telefon Aktieselskab)**

**9% Sinking Fund Dollar Debentures Due 1985**

*NOTICE IS HEREBY GIVEN* that, pursuant to the provisions of the Indenture dated as of April 15, 1970 under which the above described Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn by lot, for redemption on April 15, 1979, through the operation of the sinking fund provided for in said Indenture, $150,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF $1,000. PRINCIPAL AMOUNT OUTSTANDING

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| M- 12 | 756 | 1214 | 1915 | 2553 | 3144 | 3923 | 4427 | 4935 | 5545 | 6006 | 6591 | 7181 | 7818 | 8277 | 8869 | 9432 | 9875 |
| 30 | 762 | 1268 | 1985 | 2559 | 3152 | 3936 | 4444 | 4954 | 5598 | 6074 | 6601 | 7235 | 7819 | 8299 | 8871 | 9433 | 9878 |
| 149 | 812 | 1299 | 1988 | 2580 | 3204 | 3937 | 4479 | 4992 | 5602 | 6127 | 6677 | 7246 | 7829 | 8377 | 8924 | 9485 | 9887 |
| 176 | 814 | 1311 | 1992 | 2595 | 3246 | 3982 | 4482 | 5004 | 5641 | 6140 | 6702 | 7262 | 7848 | 8380 | 8926 | 9518 | 9902 |
| 200 | 833 | 1332 | 1995 | 2650 | 3252 | 3989 | 4531 | 5036 | 5648 | 6195 | 6746 | 7294 | 7880 | 8387 | 8999 | 9562 | 9912 |
| 204 | 856 | 1351 | 2000 | 2651 | 3256 | 4000 | 4533 | 5059 | 5651 | 6223 | 6818 | 7317 | 7962 | 8393 | 9000 | 9570 | 9928 |
| 207 | 857 | 1355 | 2001 | 2697 | 3330 | 4061 | 4557 | 5079 | 5674 | 6270 | 6834 | 7327 | 7968 | 8415 | 9021 | 9613 | 9944 |
| 241 | 904 | 1475 | 2176 | 2717 | 3385 | 4062 | 4566 | 5090 | 5690 | 6272 | 6835 | 7358 | 7989 | 8431 | 9052 | 9637 | 9966 |
| 317 | 937 | 1526 | 2180 | 2771 | 3426 | 4076 | 4619 | 5166 | 5763 | 6315 | 6844 | 7383 | 8009 | 8555 | 9079 | 9663 | 9988 |
| 342 | 1007 | 1527 | 2278 | 2797 | 3492 | 4077 | 4639 | 5173 | 5782 | 6317 | 6848 | 7395 | 8027 | 8626 | 9102 | 9702 | 9994 |
| 362 | 1035 | 1545 | 2314 | 2869 | 3497 | 4078 | 4673 | 5184 | 5786 | 6318 | 6898 | 7469 | 8044 | 8627 | 9132 | 9709 | |
| 379 | 1038 | 1621 | 2331 | 2890 | 3498 | 4198 | 4681 | 5239 | 5810 | 6355 | 6900 | 7471 | 8068 | 8630 | 9212 | 9737 | |
| 441 | 1054 | 1668 | 2334 | 2907 | 3553 | 4236 | 4711 | 5252 | 5860 | 6381 | 6910 | 7473 | 8111 | 8650 | 9246 | 9738 | |
| 490 | 1055 | 1670 | 2352 | 2981 | 3555 | 4270 | 4801 | 5321 | 5879 | 6456 | 6919 | 7485 | 8158 | 8712 | 9276 | 9742 | |
| 505 | 1078 | 1696 | 2354 | 3000 | 3589 | 4271 | 4831 | 5342 | 5883 | 6463 | 6956 | 7515 | 8163 | 8715 | 9298 | 9783 | |
| 527 | 1122 | 1719 | 2364 | 3004 | 3637 | 4346 | 4835 | 5356 | 5916 | 6465 | 6993 | 7557 | 8197 | 8753 | 9339 | 9784 | |
| 572 | 1123 | 1738 | 2372 | 3063 | 3639 | 4360 | 4877 | 5385 | 5955 | 6471 | 7023 | 7652 | 8210 | 8766 | 9347 | 9828 | |
| 687 | 1126 | 1743 | 2413 | 3066 | 3672 | 4375 | 4910 | 5418 | 5961 | 6495 | 7033 | 7699 | 8226 | 8768 | 9356 | 9854 | |
| 699 | 1163 | 1744 | 2486 | 3067 | 3873 | 4376 | 4913 | 5476 | 5971 | 6496 | 7048 | 7719 | 8227 | 8779 | 9360 | 9855 | |
| 718 | 1174 | 1784 | 2499 | 3103 | 3922 | 4412 | 4934 | 5480 | 6005 | 6571 | 7065 | 7776 | 8232 | 8795 | 9362 | 9864 | |

The Debentures specified above are to be redeemed for said sinking fund at **Citibank, N.A., Bond Window—2nd Floor, 111 Wall Street, New York, New York 10043,** the main offices of Citibank, N.A. in Antwerp, Belgium; Nice, France; Paris, France; Berlin, Germany; Dusseldorf, Germany; Frankfurt (Main), Germany; Hamburg, Germany; Munich, Germany; Athens, Greece; Piraeus, Greece; Thessaloniki, Greece; Milan, Italy; Rome, Italy; Amsterdam, Netherlands; Rotterdam, Netherlands; The Hague, Netherlands; Geneva, Switzerland; Lausanne, Switzerland; Lugano, Switzerland; Zurich, Switzerland; London, England; Belfast, Northern Ireland; and Dublin, Ireland; Citibank (Belgium) S.A., Brussels; Citibank (Luxembourg) S.A.; or at the office of Privatbanken i Kjobenhavn, Copenhagen, Denmark; Algemene Bank Nederland N.V., Amsterdam, Netherlands; Kredietbank S.A. Luxembourgeoise, Luxembourg; Skandinaviska Enskilda Banken, Stockholm, Sweden; Swiss Bank Corporation in Basle, Switzerland; and Deutsche Bank A.G., Frankfurt (Main), Germany, as the Company's paying agents, and will become due and payable on April 15, 1979, at the redemption price of 100 percent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on said Debentures will cease to accrue.

Said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on said date with all interest coupons maturing subsequent to the redemption date.

For COPENHAGEN TELEPHONE COMPANY, INC.
By CITIBANK, N.A.,
Trustee

March 15, 1979

LOMBARD

# EEC's untapped resource bank

BY ANTHONY HARRIS

THE CURRENT slanging match over the EEC—I am a patriot, you are a jingoist, he is a Eurocrat—will no doubt give much innocent pleasure to electors who might otherwise be bored by the coming European election. But we must all be mindful of Mr. Heath's injunction to be constructive; and in our present disenchantment with the EEC, the best recipe is probably to be constructive and provocative at the same time. In this spirit, I would like to offer my own modest proposal.

To preserve the mystery for a line or two, it all goes back to Ricardo; or in more Establishment terms, to a Royal Commission of 1895; or, if you prefer events of this century, to a clash between Lloyd George and the House of Lords which rumbled on until about 1922; or the Danish Small Farmer's Party in 1926. What all of these worthies proposed was a land tax. The Danes were the only ones who got it, and they have farmed happily ever after.

## Appealing idea

A land tax has always seemed to me an appealing idea in principle—an attachment which has even survived the discovery that its most persistent support in this country comes from a faintly eccentric band of enthusiasts in Vauxhall Bridge Road or thereabouts. It is no longer possible to go so far as Henry George, the great American populist economist, who said that it was the only tax necessary, but it does have certain virtues.

The theory is wonderfully simple: in a truly competitive world, which in most parts of the world is still a reasonable description of farming, it is a tax which cannot be passed on. Land rents, taking one decade with another, are what the market will bear. The tax simply attacks the rent itself, which Ricardo identified as the purest form of surplus; in more modern terms one might see it through the eyes of the late Fred Hirsch, and describe it as a tax on positional goods. What it does mainly is to reduce the capital value of land — which is why the Danish small farmers actually had the insight to demand such a tax.

In the mad non-Danish world, one of the main effects of the EEC and its farm policy has been on the price of land. It has been seen at its most dramatic in Ireland, which has been transformed in a few years from a land of poor peasants getting a subsistence out of their damp, green land into a country of immensely rich peasants.

Now what the EEC has created, the EEC surely has some poetic right to take away; and I can imagine no more appropriate way of tapping the ridiculous values created by ridiculous policies than by taxing them. The beauty of it is that wherever the policies are most ridiculous, the values will be greatest, so that the main cost of the farm policy would be borne by those getting the biggest unconvenanted benefit.

In a European context there would, it is true, be difficulties. Since a range of farm prices is administered, there could be a feedback through the farm lobby to ensure that the cost of such a tax was passed on in consumer prices, so the decision would have to be taken with a clear theoretical eye. There would be large initial problems of valuation, because current land prices do not simply represent fertility and prospective farming revenue, but the tax-exempt status of farmland in many countries.

## The arguments

So much for a tax on farmland; but why stop there? The arguments for taxing land values in general are just as strong, as is well understood in such far from progressive countries as Australia and South Africa. It is a tax which falls on those best able to pay —indeed, they declare their *own taxable capacity in every* land deal: it is the perfect tax to balance regional problems. As a British Chancellor might well add, quietly, it has another great merit as a tax base: you can't take it with you. A land tax produces no tax exiles.

Indeed, the merits of land taxation—or site value taxation, as one variant is known—are so numerous and large that I would write about it at far greater length were I not haunted by one obstinate fact. The general principle has long been supported by our own Liberal Party. It is obviously far too sensible to stand a chance in the real world.

# Broadside on barristers

## BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

LORD GOODMAN, Roman lawyer and solicitor extraordinary, delivered a scathing criticism of the bewigged minority of the legal profession when giving evidence before the Royal Commission on Legal Services. He argued strongly for the merging of barristers and solicitors into a single legal profession with equal access to courts and clients. He attacked the court rituals which make the process of law unnecessarily long and costly and pressed for a reform which would remove the middle-class stigma from the judiciary and *make it more acceptable to the* trade unions and to the working class in general.

Referring to the Bar, Lord Goodman said that the interest of the profession is in the hands of a very small minority who live in cloistered calm in a number of secluded establishments, largely sheltered from the majority of the human race. Having been educated as a Roman lawyer he saw the English legal system's subservience to the spoken word of the advocate as a potential disadvantage to legal practice. He also thought that the civil law's respect of principles was preferable to the common law's reliance on precedents. Dealing with the argument that the specialisation of barristers enables them to obtain exceptional skill in advocacy, Lord Goodman thought that exceptional advocacy was not a benefit. Most of the advocacy in the UK was done by solicitors or lay persons dealing with such matters as employment and family affairs which, from the humanitarian point of view, was more important than the small amount of High Court litigation between companies.

A legal service which consists of barristers insulated from clients and not allowed to meet witnesses, and of solicitors who cannot plead in higher courts was bound to be expensive, remote and very unlikely to inspire confidence, said Lord Goodman. It must make more sense for one person to conduct the case from beginning to end: the necessity for a solicitor to sit in court with his clients while someone else did the pleading was bound to increase costs.

Lord Goodman would not accept the argument that barristers are specialists necessary to solicitors in the same way as medical consultants are necessary to general practitioners. Most of the bar work was not specialised. There was several months' delay involved in getting a consultation with tax counsel—only 56 barristers specialise in this field—and this important branch of legal work has now been lost to accountants. Solicitors had to rely on themselves when dealing with company matters and such specialised areas of law as copyright.

The small firm of solicitors, consisting of one or two lawyers, has largely vanished in London but still survives in country towns. In a large firm partners can specialise and the country solicitors will probably follow the example of the country doctor who now works mostly in a general practice consisting of several doctors. But even a solicitor practising on his own can, in Lord Goodman's view, overcome the problems of specialisation, first, by better educating himself, and second, by sending his client to some other firm specialising in his particular problem. Lord Goodman envisages a gradual change which would not immediately remove all distinction between barristers and solicitors. Transition would start by removing all the main barriers and giving solicitors the right of audience in all courts and by giving barristers the right of dealing directly with clients who would no longer need to be introduced by solicitors.

* * *

HAVING said that much Lord Goodman turned to deliver his other broadside. His complaint was that "almost the majority" of judges are appointed from the ranks of barristers who represent a mere 10 per cent of the legal profession. Only recently were some solicitors appointed as circuit judges. The trouble with the legal profession was, he said, its wholly middle-class character. It would not enjoy the sympathy and confidences of the community at large until that image was changed. In Lord Goodman's opinion Britain would not have suffered the problems of recent years if its legal profession had been less remote and had enjoyed the confidence of manual and other workers.


## Total failure

When a large important body of serious-minded people, like trade unionists openly express their determination not to allow important matters to be adjudicated by the courts, this, in Lord Goodman's view, can only be regarded as a total failure of the legal profession. When a trade union rejects the courts—he would not say the rule of law—then this must to a large extent be due to its attitudes towards lawyers and judges.

At this point in the evidence Mr. Peter Oppenheimer, from Christchurch College, Oxford, suggested that an outside observer might think that the problem is not what is wrong with the legal profession but *what is wrong with trade unionism* and industrial relations. Lord Goodman retorted that it would have to be a visitor from Mars to take that view, but Professor Dahrendorf, a German scientist and now director of the London School of Economics, thought that such a view could also be taken by a visitor from the Continent.

It seems to me that the problem which Lord Goodman touched is much more fundamental and can be explained neither by the remoteness of the legal profession nor by the weakness of industrial relations. The rule of law rests on a system of norms of behaviour restricting the freedom of individuals or groups for the protection of others. These rules can be strict or permissive but once the permissiveness reaches *the point that anything done* by a certain individual or group is allowed (if done in the pursuit of certain widely defined interests) that is the end of the rule of law. Taken to its extreme such an approach can be expressed by the slogan "Law is what is good for the party" which can be read on the walls of courts in countries which have given up the rule of law. Such a slogan would please neither English lawyers, bewigged or otherwise, nor their potential clients.

# Newmarket and Lambourn could dominate first days of Flat

## RACING

BY DOMINIC WIGAN

BACKERS SHOULD tread with caution today, the first day of the flat-racing season. Almost every flat-racing stable is two or three weeks behind schedule, owing to the weather.

The north has taken the brunt of the weather since Christmas, and animals from Newmarket and Lambourn — the two centres with the best all-weather facilities — could dominate the opening meetings of the season.

In this afternoon's feature event, the Doncaster Spring Handicap, *I shall be looking to* Neville Callaghan's Nocturnal Boy getting the former champion jockey, Pat Eddery, off to a profitable start.

Eddery, who landed the preceding race, the March Stakes, a year ago on Rhineland, rode one of his best races last season to get Nocturnal Boy home in the Champagne Stakes at Salisbury.

Nocturnal Boy was heavily backed to best Schweppshire Lad at Kempton on his racecourse debut. He failed then, but can boost his Tote Free Handicap prospects with a clear-cut success this afternoon.

I expect to see him followed home by Hughes Next.

Just over an hour before Nocturnal Boy (in demand at 20 to 1 yesterday for the Free Handicap) goes to post, Callaghan and Eddery will be relying on Hang-on Elvis in the *opener, the Leger Way Handicap*.

Arguably the most improved middle-distance handicapper around in the second-half of last season, Hang-on Elvis seems sure to go close without, perhaps, being good enough to concede 19 lbs to Never Say Guy, one of five runners guaranteed to be at peak fitness after a spell over hurdles.

*Another leading trainer* with his string more forward than most is Ryan Price, whose Cagnes Sur Mer raiders proved a good deal more formidable than many from this country, lifting over £20,000.

His once-raced Glenhawk looks the one to be on in the March Stakes.

**DONCASTER**
2.00—Never Say Guy
2.35—Glenhawk**
3.05—Nocturnal Boy***
3.35—Toolranger*
4.05—Quite Right
4.35—Hamdani

# TV/Radio

## BBC 1

† indicates programmes in black and white

6.40-7.55 am Open University (ultra high frequency only). 9.41 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Ragtime. 2.00 You and Me. 2.15 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2, 11.00 am). 4.20 Don and Pete. 4.25 Jackanory. 4.40 Tarzan Lord of the Jungle. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 The Perishers.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.53 Tomorrow's World.
7.20 Top of The Pops.
7.55 Blankety Blank.
8.30 Potter.
9.00 News.
9.25 The British Academy Awards: Princess Anne presents the British Academy of Film and Television Arts Awards.
11.00 Tonight.
11.40 Weather/Regional news.

All Regions as BBC1 except at the following times:

Scotland—9.41-10.03 am For Schools. 5.55-6.20 pm Reporting Scotland 11.00 Thursday Night. 11.35 News and weather for Scotland.

Wales—5.55-6.20 pm Wales Today. 6.53-7.20 Heddiw. 11.40 News and weather for Wales.

Northern Ireland — 11.30-11.45 am For Schools (Ulster in Focus). 3.53–3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 8.30-9.00 Spotlight. 11.00 Potter. 11.30 News and weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

## BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open Univerity.
6.53 When The Boat Comes In.
7.45 Mid-Evening News.
7.55 Newsweek.
8.30 Malice Aforethought.
†9.25 Midweek Cinema: "It's a Wonderful Life."
11.30 Late News.
11.40 Open Door.

## LONDON

9.30 am Schools Programmes. 12.00 Little Blue. 12.10 pm Daisy, Daisy. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Money-go-Round. 2.25 Film: "Mulligan's Stew." 3.50 Oh No, It's Selwyn Froggitt. 4.20 Little House on The Prairie. 5.15 Mr. and Mrs.
5.45 News.
6.00 Thames at 6
6.25 Help!
6.35 Crossroads.
7.00 The Bionic Woman.
8.00 Robin's Nest.
8.30 TV Eye.
9.00 "McQ," starring John Wayne (part 1).
10.00 News.
10.30 pm "McQ" (continued).
11.35 Stardust Man.
12.25 am Close Leo Aylen reads one of his own poems.

All IBA Regions as London except at the following times:

### GRANADA

1.20 pm Dodo. 2.25 Film: "The Art of Crime." 3.50 Stars on Ice. 4.20 The Life and Times of Grizzly Adams. 5.10 Max the 2,000-year-old Mouse. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Fantasy Island. 11.35 What's On. 12.05 am Last of the Wild.

### HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.25 TV Movie: "How to Break a Happy Divorce." 3.50 Give Us A Clue. 4.20 Wyatt's Place. 4.45 Bailey's Bird. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Sports Arena. 7.00 Fantasy Island.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Seren Wib. 5.15-5.20 Cartoon Time. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-7.00 Report West.

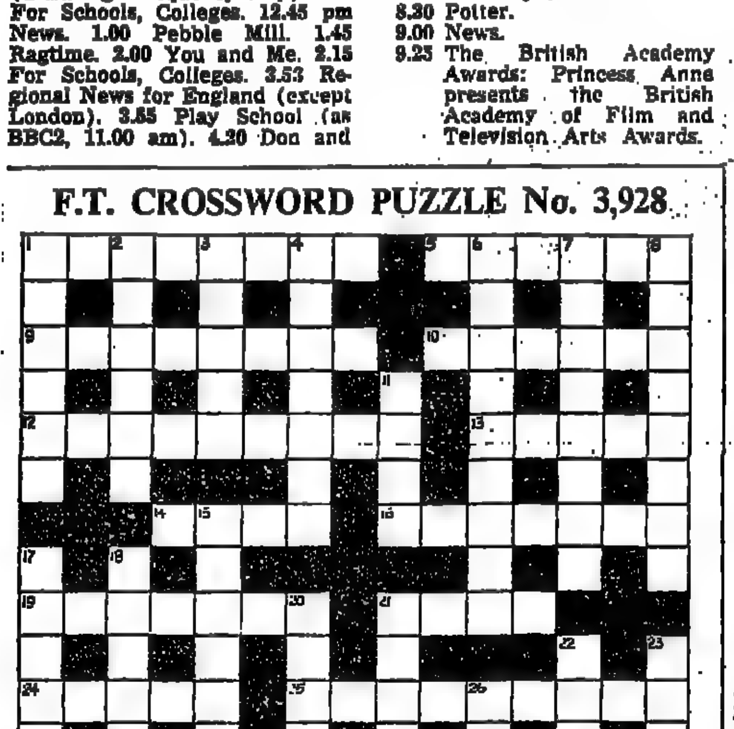
### WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 TV Movie: "Beyond the Bermuda Triangle." 3.50 Give Us A Clue. 5.15 Survival. 6.00 Westward Diary. 7.00 Chips. 9.00 Hawaii Five-O. 10.28 Westward Late News. 10.30 Preview West. 11.00 Movie Premiere: "The Spy Killer." 12.20 am Faith for Life.

### YORKSHIRE

1.20 pm Calendar News. 2.25 TV Film: "The Stranger Who Looks Like Me." 3.50 Looks Familiar. 4.20 Dynomutt. 4.45 Little House on Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Father, Dear Father. 11.35 Police Surgeon.

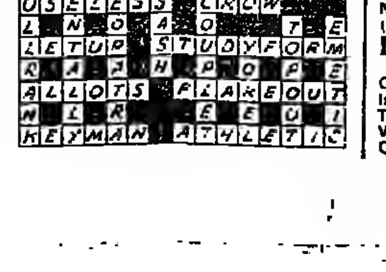
## F.T. CROSSWORD PUZZLE No. 3,928



ACROSS
1 Complete tarpaulin cover goes heading (4, 4)
5 Prayer for gold one boy takes (6)
9 Court regularly has to take it easy (2, 6)
10 Love church to auction item of fur (6)
12 Another look at engineers going to Berkshire town (9)
13 Indicate there's nothing in a measure (5)
14 Iris sets the standard (4)
16 Two points separate circle in grass (7)
19 Let everyone with ring get married (7)
21 Old jokes taken care of by navy (4)
24 Steal from Winchester maybe (5)
25 And sign in the morning according to French authoress (9)
27 Opening in foreign museum (6)
28 Well-screened entertainment worker (8)
29 Woman working in superior wardrobe (6)
30 Announced choice between salesman and Edward (8)

DOWN
1 Reckon to make an appearance (6)
2 Strong desire concerning glory (6)
3 Article on terriers in letter from abroad (5)
4 Boy and Heather found spooning (7)
6 Material for Chinese artists to provide Paddy with a set of questions (4, 5)
7 Warriors in the sun taking on those departing (8)
8 Part of Bible put in country sign system (8)
11 Cheek to leave Sir Andrew shivering (4)
15 Humble status unwelcome to university student (3, 6)
17 Get car stuck in traffic carrying cakes (3, 5)
18 On which everyone under five is in every way similar (3, 5)
20 Cart found in backyard (4)
21 Fancy accountant taking on cost (7)
22 Local paper determined to get in a stew (6)
23 A party revolutionary loved (6)
26 Lover boy offered a capital round (5)

Solution to Puzzle No. 3,927



## Radio Wavelengths

| | | |
|---|---|---|
| 1 1053kHz/285m 1089kHz/275m | 3 1215kHz/247m & 90-92.5vhf stereo | BBC Radio London 1458kHz, 206m & 94.9vhf |
| 2 693kHz/433m 909kHz/330m & 88-91vhf stereo | 4 200kHz/1500m & 92-95vhf | Capital Radio: 1548kHz, 194m & 95.8vhf |
| | | London Broadcasting: 1151kHz, 261m & 97.3vhf |

## RADIO 1

(S) Stereophonic broadcast
‡Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Talkabout. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am: As Radio 2.

## RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan including 8.27 Racing Bulletin and 8.45 Pause for Thought (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton including Racing from Doncaster (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 The Ted Rogers Show. 10.30 Star Sound Extra. 11.02 Harry Rowell with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Sheila Tracy (S).

## RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Vaughan Williams (S). 9.45 Amadeus String Quartet, part 1 (S). 10.35 In Short (talk). 10.45 Amadeus String Quartet, part 2 (S). 11.30 Saar Radio Symphony Orchestra concert, part 1 (S). 12.20 pm Interval Reading. 12.25 Concert, part 2. 1.00 News. 1.05 Manchester Midday Concert (S). 2.00 Haydn (S). 2.30 A Copland Double Bill: Part 1: "The Second Hurricane," play opera in two acts. 3.20 Words . . . (talk). 3.25 A Copland Double Bill, part 2: "The Tender Land," opera in three acts on records (S). 4.40 Rostrum 78 (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home: Victor de Sabata conducts Schumann, Wagner. 7.10 Evelyn Barbirolli: Oboe and harpsichord recital (S). 7.30 World Drama: "A Moon for the Misbegotten" by Eugene O'Neill (S). 9.50 Vladimir Ashkenazy piano recital (S). 10.45 Haydn's Baryton Trios (S). 11.05 The Lied Before Schubert (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 5.45-7.10 pm Open University.

## RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. Magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-week with Desmond Wilcox. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 Analysis. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Just A Minute (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Preview of Radio 4, UK. 3.10 Questions to The Prime Minister. 3.35 Afternoon Theatre (S). 4.35 Story Time. 5.00 PM, News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Brain of Britain (S). 7.00 News. 7.05 The Archers. 7.20 Time for Verse (S). 7.30 Halle Orchestra concert, part 1: Mozart (S). 8.05 Travels of a Gentleman. 8.20 Halle Orchestra concert, part 2. Bruckner (S). 9.45 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

## BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 79. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. From 1.05 Join Radio 2.

## London Broadcasting

5.00 am *Morning Music*. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports, with George Gale at 3 pm. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

## Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.03 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

# ENTERTAINMENT GUIDE

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ART GALLERIES

# THE ARTS

**ller's Wells**

## Leningrad puppets by ANTHONY CURTIS

e Bolshoi Puppet Theatre ;ningrad are rod and hand ets; sometimes their arms loose; sometimes the arm at of the operator. Their are masks with movable nd rolling eyes; sometimes are life-size, the black rmed operator providing *egs; in other scenes they* uppet-size, performing on aist-high stage like an aous, wide Punch and show.

some scenes the life-size s combine with the ts to give a grotesque : three enormous white- i psychiatrists towering a diminutive Schweik. It his adventures that ied the story for *The Good r Schweik*, the company's ıg programme on Tuesday. episode in the mental al in which he is erated just before the ak of the First World smacked a little of nitsyn.

main mood of the even- as much closer to the art itical caricature or cabaret ıny form of conventional e. As I watched the antics Schweik (his grin recall- ır own Pinky and Perky) his wasp-waisted com- ng officer, or the bloated al, or later in his brush with the Jayne Mansfield-type madame of the military brothel, I was reminded of the world of George Groz, of Brecht and Weill.

This association was enhanced not only by the theme with its fierce anti-militarism and anti-clericalism—the padre gets roar*ing drunk—but also by the* musical accompaniment and the tendency of the whole company, puppets and operators, to burst into song while the scenery is being changed. They work for the most part to a tape, and even the commentary in English, included for this export version, appears to be taped, someone on stage holding a dead microphone, miming the words.

The strength of the evening, which tends to tail off after the interval, lies not in the satire, which is crude and confusing, but in the charming deftness with which the dozen operators, men and women equally represented, make the puppets go through a whole gamut of seedy human emotion from larceny to lechery. They caress, dance, march, and scold, all with the greatest verisimilitude.

Incidentally, this programme is definitely not suitable for young children; but the company is also performing *The Fairy Story of Emilio* for four matinées.

Leonard Burt

**ırside Studios**

## Bread and Puppet Theatre

by B. A. YOUNG

Bread and Puppet 'e, now over 15 years old, in the East Side of New and its appeal is still ed at simple people. y speaking, most of its mance its not puppetry at t miming by players wear- g grotesque heads, though present show there is an e with hand puppets, ating the seven-day life of on Grundy.

*company is normally* a company, and in a theatre the artlessness of their stories may seem excessive, though the artlessness is not the consequence of any lack of art. Indeed, it is positively sought; Peter Schumann, the leader of the troupe, may come on stage now and then to correct a group or tidy up a scene, but when he does so it is because of his insistence that the scene should be precisely right.

The show they have brought *to Hammersmith* is called, as neutrally as can be, *Ah!* But it isn't as neutral as all that. The Bread and Puppet Theatre is constantly concerned with protest of some kind or other, and the theme of *Ah!* is the potential of the ordinary housewife to lead our hearts into the way of peace. The housewives are the members of the International Union of Washerwomen, nine tough ladies with vast heads set in simple plaster expressions of goodwill.

*It would be tedious to describe* in detail their different adventures. At first they simply demonstrate their own crafts, washing, milking, sewing and taking time off to defeat a scarlet devil mounted on a dragon. But war breaks out, their happy community is disrupted, only to be reconstituted by the magic of their candid faith in peace.

The threat of fighting is the main concern through the evening, *even though most of the fresh* living-cartoon scenes are happy. But disaster is always at hand. A child hears the story of St. George (son of a washerwoman, of course) killing the dragon to save a princess; then the tale is acted out, and this time the dragon wins. Full-scale war comes eventually, and Mr. Schumann holds up little posters bearing such ingenuous messages as "This is Bad."

Ultimately a washerwoman is married, *to the tune of* "The Red Flag," and apparently to a Russian soldier (all the songs are sung in Russian, but for my part it was Greek to me). Their placid domestic life is interrupted by a policeman who cudgels the husband to the floor and arrests the woman for wanting peace. Then we hear the statement prepared by a genuine Washington demonstrator in the cause of international disarmament—a statement as prettily naive as the fictional inventions of the company.

But the washerwomen will win in the end; and even if this is no more than wishful thinking, it is pleasant to have it put before us by such a kind and friendly troupe.

Leonard Burt

**Record Review**

## Politics of rock

by ANTONY THORNCROFT

If you wanted to start an argument you could say that the difference between rock and pop music is that pop is manufactured by the record companies while rock emerged from the streets and was forced on *the companies by the power of* popular demand. This was certainly true a generation ago, and again two years back, when the new-wave bands caught the pop establishment at the wrong hop. Now the companies are fighting back in the way they know best: they are at last marketing their product.

So far this belated discovery of aggressive selling is confined to singles which are enjoying a boomlet, a boomlet not unconnected with the fact that all 16 *of* the best selling singles in this week's Record Mirror listing are something special. If they are not made of coloured vinyl they are packaged in a picture bag or are 12 ins wide. *Can you feel the force?* by the Real Thing and *Painter Man* by Boney M manage to be all three simultaneously. Now this more varied and imaginative way of selling records would be quite admirable if it was not for the fact that most special promotion singles come in limited editions and *there is a suspicion that* those limited editions are concentrated in the shops that supply information to the research company that makes up the record charts. And to get into the charts is the be all and end all of a single. If you enter the charts you get radio play and radio play means more sales which means more radio play and so the circle goes unbroken.

Suddenly singles, from being regarded mainly as loss leaders, useful for introducing a band or an artist to the public in the hope of gaining lucrative album sales, have become interesting, especially as the shrewder marketing has coincided with the triumph of disco. In contrast the album charts have a jaded look, the only good thing about them being that the last selling ploy, heavy television advertising of old material, seems to have become self-defeating, competition ensuring that substantial expenditure no *longer means substantial sales.*

But there are elements of interest in the latest LPs, not least the success of *Dire Straits* (Vertigo 9102021), an album released many months ago which suddenly caught on in the U.S, and is now doing well here. Dire Straits is a British band, not over popular with the music Press because it has managed to make the whole business seem easy. From nowhere it sounds like the super group of all time. Mark Knopfler, who sings, plays lead guitar, and writes the songs, has a Bob Dylan assertion in his voice and the quartet ease into soft rock songs with all the sophistication of the Eagles, but with a touch of Lou Reed toughness. It is a powerful amalgam. Dire Straits is the first laid back British band, and has an edge over its Californian originators in its lyrics *Sultans of Swing*, which must become a *rock classic, is a nice tribute to* a South London jazz band and boldly hits out at punk; *Wild West End* is as good a song about London as any. Dire Straits may be in the money-making tradition, little more than a tyro Fleetwood Mac, but millions of dinner parties in middle class ghettos are going to be enlivened by this immediately attractive album in which Knopfler's gentle lead guitar is as close to a baroque synthesis of form and imagina*tion as anything in rock*

There could be no greater contrast than between the sophisticated hip of Dire Straits and the tortured political (which means musical) conscience of Tom Robinson. His first album was excellent and his second, *TRB Two* (EMC 3396), is not at all bad. His problem is that he has identified himself too closely with public issues and doubtful causes, and there is a limit to the number of abuses that he can attempt *to clean up. The first group of* songs really said it all, and in some of the most effective political songs for years. The new batch seems more apologetic and calling on a big time American producer (and artist) in Todd Rundgren to mix the album virtually ensured that it should come out tamer and heavy *déja vu*. The concentration on a particular scandal, the Liddle Towers case, reflects a move towards the personal and the particular, but *Blue Murder* is a banal song, and apart from *All Right All Night* there are few tracks here which match the venom and attack of the earlier album. Still Tom Robinson has a genuine commitment and is to be applauded for persuading EMI to decorate his album sleeve with the addresses of his favourite Left-wing special cases. Money talks, but it is as much Tom Robinson's money as the record companies'. Still when he is racing, the match of simple "new wave" riffs and powerful lip-curling lyrics makes for an adrenalin rush quite absent from *Dire Straits*—but why no word sheet for communal singalongs?

Between the pleasant conformity of Dire Straits and the committed outrage of Tom Robinson lies *Armed Forces*, the latest from Elvis Costello who manages to combine rude gesturing at the Establishment with a capacity for pouring out hits. There are at least four tracks on this album which could equal the success of *Oliver's Army*, the chosen single. It is easy to dislike Costello's hypocrisy in biting the hand paying out the money, and his take it or leave it onstage manner: it is much harder not to respond to his music. The subtle simplicity of the melodies; the lyrics which stop just this side of pretension, make for a powerful musical experience, irritating but insidious. Costello knows how to soften the mood and *Green Shirt* coming quickly on the heels of up beat songs like *Accidents will happen* and *Oliver's Army* is a masterpiece. Perhaps *Armed Forces* is too blatantly clever to be in the running for the best album of the year, but it is a remarkable achievement, a cynical expression of the age.

There is nothing cynical about the latest album from Frankie Miller which finds this attractive performer in a relaxed, accessible, mood. For many years an erratic, untamed, rhythm and blues artist, much better in performance than on vinyl, he seems finally to have widened his appeal. *Falling in Love* (Chrysalis 1220) is straightforward stuff, as old as rock but redeemed by Miller's rough hewn voice. It is much more insubstantial than Robinson or Costello but disarming in the simplicity of the songs and the reliability of the lyrics. Miller has come of age, and chasing romantic fantasies in his world-weary company is nicer than pursuing political fantasies with more weighty artists.

Elvis Costello

David Knopfler

Tom Robinson

**George's Theatre, Tufnell Park**

## Beowulf by MICHAEL COVENEY

uppet version of *Beowulf* a double threat. Puppets *Beowulf*. For anyone sted, the Anglo-Saxon is completely ignored, ex- for its narrative, in this , boring adaptation by nce Butler and opher Leith. If any r proof were needed of oribund inefficiency of the ıal Theatre's literary tment, here it is, in this le and no doubt typical bution to the ridiculous t Theatre '79 Festival.

nks to the industrial dis- the NT is spared this ic nonsense, and a show originally scheduled for the Cottesloe has been mercifully removed to a house where nothing much better may be expected, to wit the forlorn St. George's of Tufnell Park.

There we sat on Tuesday while two apparently mindless narrators waffled on about Beowulf's struggles in a language and style fit to make even poor old Clark Hall himself look like a fraud and a villain. To the accompaniment of pseudo-Oriental effects and silly costumed actors, schlepping their puppets up and down, the story of the Anglo-Saxon narrative was tediously related. No one had considered that the poem is not worth doing without its poetry.

Clark Hall was J. R. R. Tolkien's despised whipping boy on account of the accurate, unpoetic English prose version of *Beowulf* he tossed off in 1911. My memories of this epic are coloured by sunlit mornings spent in the company of Mrs. Tolkien in her North Oxford grey stone house. We did well with the poem, Klaeber heavily annotated from Clark Hall. Why the Puppet Festival, let alone Mr. Leith, should wish to make small, incompetent beer of such great, incomprehensible poetry is quite beyond me.

I left well before the end and am only astonished that so many stayed on so bravely. That's theatre audiences for you.

## Scott theme for Buxton Festival

The first Buxton Festival, which runs from July 30 to August 12, is centred round the reopening of the Opera House, a theatre designed by Frank Matcham that was built in 1903.

Arup Associates the architects responsible for Snape Maltings and for the restoration of the Theatre Royal, Glasgow, have brought the Buxton Opera House, for many years a cinema, back to its former glory.

The theme of the first Festival, whose artistic director is Malcom Fraser, is Walter Scott. *There will be six performances* of Donizetti's *Lucia di Lammermoor*, perhaps the best known of all the operas based on a novel by Scott; recitals by the Songmakers' Almanack and by the Swedish mezzo, Kerstin Meyer, will feature settings of poems and ballads by Scott; a concert by the BBC Northern Symphony Orchestra includes Berlioz's *Rob Roy* overture and Mendelssohn's Scottish Symphony.

Talks on Scott, his life and times and on operas inspired by his works will be given in the Festival Club, while other events in the Opera House range from *The Recruiting Officer (Farquhar) presented* by the Bristol Old Vic and *The Two Fiddlers*, the children's opera by Peter Maxwell Davies, to dramatised extracts from Scott's Journals.

The Lamp of Memory, an exhibition on Scott and the Artist, will open the new Buxton Art Gallery, while the Spa Cinema houses a season of Scott films, to include, *Ivanhoe, Quentin Durward*, and *Rob Roy*.

ELIZABETH FORBES

### 'Older' musicians win in new scheme

Eight musicians in the 28 to 40 age group have been named as winners of a new musical scheme to encourage those who may have started their careers late and missed the opportunities open to young artists.

The eight, named by the Incorporated Society of Musicians, are: Michael Ponder, (viola) and John Alley, (piano); the Taskin Harpsichord Trio: Raphael Terroni, (piano), Elizabeth Wilson, (cello) and Kathron Sturrock, (piano).

The scheme, devised for ISM by the solo performers section and sponsored by the National Westminster Bank, will enable the artists—selected from 95 candidates—to be heard by concert promoters in different parts of Britain

FINANCIAL TIMES
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Thursday March 22 1979

# Undignified ending

MR. CALLAGHAN is due to make a statement in the House of Commons today on what the Government intends to do about the result of the Scottish *referendum three weeks ago.* Under the Scotland Act there is no doubt about the required course of action. The Act laid down that Parliament would have to vote on its repeal if less than 40 per cent of the Scottish electorate were in favour of the form of devolution proposed. In the event the "yes" vote was barely 33 per cent.

### *Blocked*

Yet it is clear that the Prime Minister is unwilling to go along with the terms of the Act because he fears that repeal would be damaging to the Labour Party in Scotland. In theory at least, he has an alternative approach. The Government could lay the repeal before the House and advise its own supporters to vote against. If such a ruse were to succeed the Scottish Assembly could still come into being. But in practice that approach too seems to be blocked since there appear to be sufficient Labour anti-devolutionists determined to kill the Scotland Act at almost any cost.

It looks therefore as if Mr. *Callaghan will fall back on a* third possibility, which is that of playing for time. The most probable method is a call for all-party talks. The Government's aim would be to try to push the issue to one side while it gets on with other matters—such as the Budget—and hopes that it can still go to the country at a time of its own choosing.

There are two points to be made about this. The first is that it might not work. Scottish Nationalist MPs are notorious for changing their minds, but for the past few days they have been insisting that if the Government does not hold a vote on the Scotland Act very soon, they will put down a motion of no confidence. The Tories would then almost certainly be obliged to do the same, although it would be worded in more *general terms. Under Parliamentary* procedure the Tory motion would be taken first. At present both the Nationalists and the Liberals are saying that they would support it. The Government would thus be dependent on winning the support of at least some of the Ulster Unionists for its survival. Since it is by no means certain that this can be done, there is at least a possibility that the Government will fall by the end of next week.

The second point is that the playing for time approach is no solution at all to the questions still posed by devolution. Even if it survives until October this Parliament will not have time adequately to consider alternatives to the Scotland Act. Nor is there any reason to believe that a Government that remains in office only by *making deals with* the smaller parties is capable of considering the matter objectively. A decision to postpone a decision, therefore, should be seen for what it is: it would be an attempt by the Government to stay in power while only pretending to deal with the devolution problem.

It is this cynical approach which has become the hallmark of the last stages of Mr. Callaghan's administration. It is arguable that it has already conceded too much to the Ulster Unionists in its efforts to remain in power. The Bill which was passed last week to increase Ulster representation in Westminster in the next Parliament but one will mean in all probability that the Unionists will become the third largest force in the House of Commons, which could be a development of some *significance* for the future of British politics. At the same time, the Government made no attempt to introduce proportional representation despite the special Ulster circumstances. That, too, could pose problems for the future. It is not suprising that a government which has shown itself *so* yielding to sectional demands should find the Unionists again at its door.

### *Honourable*

Mr. Callaghan may survive for a few more months. Yet *the spectacle of government* policy being dictated by Mr. Enoch Powell or Mr. Harry West who between them command scarcely more than a handful of votes if that, is not a pleasant one. It is natural that the Prime Minister should wish to avoid defeat in a confidence motion. But if he does so, the honourable course after that would be to promise to go to the country within the next few weeks. We do not much like the idea of holding a general election on the same day as the elections to the European Parliament, but the alternative of the Government trying to hang on beyond June 7 looks even worse.

# French policy on trial

PRESIDENT Giscard d'Estaing's Government is this week in the midst of its first popularity test at the ballot box since it beat off the challenge of the Left in national elections almost exactly one year ago. The voting is only for local representatives, at departmental level, and only for half of those. But the cantonal elections, of which the first round took place on Sunday, have been widely billed as an important indicator of public reaction to the Government's economic policies at a time of growing industrial tension, notably in the steel industry.

### *Victory*

The first to claim victory in the first round were the Socialists, who have once again emerged as the biggest single party with 26.9 per cent of the vote. Depending on which previous election is taken as a basis for comparison — and that is *disputed — the Socialists have* recorded either a slight or a significant advance. In either case, it is an indication that their spectacular rift with the Communists in the run-up to last year's election does not seem to have done them lasting damage. Nor is the news too bad for the Left as a whole. If all left-wing groupings, including the most extreme are taken together the results show them winning 55 per cent of the total vote, against only 43 to 44 per cent for the governing Gaullist-Centrist majority.

But the result is not discouraging for President Giscard d'Estaing either. His main backers, the UDF, fighting for the first time as a political group at local level, picked up a respectable share of over 21 per cent of the vote, against only 12 per cent for *the* Gaullists, while the Communists fell back slightly to just over 22 per cent. The tough economic policies of M. Raymond Barre, the Prime Minister, do not appear to have caused a major shift of public *opinion to* the extremes, whether right or left.

At the same time, President Giscard d'Estaing has had the satisfaction of seeing the Gaullist attempt to embarrass him in last week's special session of the National Assembly on unemployment fall rather flat.

Meanwhile, the Left is split on the more immediate issue of how to react to the steel crisis. While the Communist CGT trade union confederation is backing a mass march on Paris by steelworkers tomorrow, the leadership of the Socialist-leaning CFDT, but not the Socialist Party, is against it. The CFDT, the second biggest union grouping, argues that union business and politics should be kept separate—it sees the march as an attempt to put pressure on voters before the second round of the *cantonal elections.*

It is too early to predict how the steel crisis will be resolved. It is clear that the presentation of the redundancy plan was mishandled. It was put forward as a *fait accompli* without consulting the unions. Since then the Government has made the concession of suspending lay-offs while negotiations proceed and unions and employers have just reached agreement on a new system of redundancy payments. The CFDT, while disagreeing with Government policy, is coming increasingly to accept that the problems of French industry must be seen against the background of the world economic situation. But there is as yet no sign that the Government is contemplating major concessions.

### *Popularity*

M. Barre has repeatedly made it clear that he does not plan to sacrifice his economic principles to short-term political popularity. Indeed, he has reason to be fairly satisfied by the outcome of his policies over the past two and a half years. The franc has done well on the foreign exchanges, and any future speculative attack on it would be strongly resisted, particularly now that the European Monetary System is officially in operation. Inflation may be running higher than M. Barre would like, but he has had considerable success in improving the balance of trade. Confirmation of the Socialists' advance on Sunday, if it comes, is unlikely to lead to a major change of course by the Government.

The agreement to stabilise commodity prices: By DAVID HOUSEGO

# North and south have come a little closer

A "SIGNIFICANT breakthrough in north-south relations," as Mr. John Smith, the British Secretary of State for Trade described it, or another international institution providing jobs for overpaid international bureaucrats? There is some truth in both extremes of view on the compromise achieved in Geneva this week between industrialised and developing nations on setting up a Common Fund to stabilise commodity prices.

So far only the broad framework of the fund has been agreed and it will take months of negotiations to hammer out the details. The main arm of the fund — the banking facility to assist commodity associations *involving* consumer and producer governments in their buffer stocking arrangements—is unlikely to come into operation for another two years. In practise it will have only a marginal role in the world's commodity markets. Prices will still be determined by supply and demand with the commodity associations — and not the Fund —responsible for attempting to stabilise prices around a long term trend.

## Willingness of the West

What may be more important in the long run is the fund's "second window" which is being set up largely as an aid institution against the wishes of the West, but on the insistence of African and Caribbean countries to help poorer producer nations to develop and market their commodity exports. Its influence will depend on the willingness of western Governments to finance it adequately and on the dynamism of the man eventually *chosen to head it.* So the fund could still end up as of mainly symbolic value to the Third World, overstaffed and ineffective.

Mr. Smith's comment that agreement on the fund marks something of a breakthrough in relations between industrialised and developing nations is certainly an exaggeration. But three years of haggling about the fund—once a central plank in the demands of developing nations for restructuring the world economic order — have given both sides a more realistic *view of the ground rules of* negotiations and of what might be achievable.

Most of the developing nations have abandoned the hopes that they cherished after OPEC's success in raising oil prices in 1973-74 of attaining a *crock of gold* by similar pressure group tactics. At their meeting in Arusha, Tanzania, last month to prepare for the fifth UNCTAD conference in May it was certainly recognised by most of them that the West was in for a prolonged period of recession and that there was no point in setting their sights too high.

There were also clear divisions between Africans, Latin Americans, and Asians about what to seek and whether it was best obtained multilaterally or bilaterally. Along with this there went some reluc*tance to strap all their demands* to the same negotiating wagon as has occurred in the past. This change of approach did not show up in the published documents setting out their positon towards UNCTAD V. But if the New International Economic Order — and all that phrase implied — has not been put on the shelf, it is not being pressed as before.

Among the industrialised nations, there has also been some shift away from the stonewalling of the earlier stages of the North South dialogue. The West German Chancellor, Herr Helmut Schmidt, for instance, has emerged as an advocate of extending the export earnings *stabilisation scheme (Stabex)* under the Lome Convention between the EEC and associated developing countries to include minerals. Japan, apparently shamed both by its poor aid record and its embarrassingly large current account surplus, has been looking for ways of increasing its assistance, particularly to countries in South-East Asia. The U.S. administration, for all its problems with a Congress reluctant to approve new aid measures, has been prepared for new initiatives.

This greater readiness to make concessions — Germany, Japan and the U.S. were the industrialised nations which most significantly shifted their positions in recent months—was reflected in the compromise that made this week's agreement possible. At the very minimum the agreement represents the shared view of both sides that continuing negotiations on international economic issues were preferable to the *risk of returning to the impasse* of sterile confrontation.

This has long seemed a danger as the talks dragged on apparently without end and as little visible progress was made with other north-south questions.

*In fact, though real achieve*ments have been small, they encouraged both sides to press on. There has thus been a modest cancellation of debt for the poorest nations—as yet still not implemented by all the rich. Industrialised countries in a time of recession have come to see the value of developing countries as a market for their capital goods in much the same way as developing countries want greater access to Western markets.

There is thus the beginning of a more fruitful exchange about protectionism and how industrialised nations might adjust to higher imports of goods from labour-intensive industries in the Third World. There has been some progress with drawing up codes on the transfer of technology from *rich to poor, and on how* transnational companies might operate in developing countries. It does not add up to a great deal, but it is seen as worth having.

The importance of having reached an agreement on the Common Fund for the last three *years seen as a symbol by* the third world of the West's willingness to negotiate—is that it should help keep up the momentum of these small steps. This does not amount to a breakthrough in the north-south dialogue. But it does mean that a serious stumbling block has been removed, and that there is more chance that on other issues the two sides will come to arrive at a closer perspective.

The extent of the concessions that have been made during the negotiations of the fund emerges from a comparison with the positions both sides took three years ago. Developing nations then had in mind a new multilateral institution parallel to the World Bank and the IMF to play its part in commodity markets. They had seen their earnings from com*modities—accounting* for 40 to 50 per cent of their export receipts—rise dramatically in the commodity boom of the early 1970s only to tumble in the recession of 1974-75. They were worired that the terms of trade were shifting against them on a long term trend.

*To enable them to plan their* economic development more effectively, they sought greater stability in their commodity earnings. Through UNCTAD they proposed an integrated programme for structural changes in the markets of 18 commodities.

They envisaged the Common Fund as the central mechanism with an eventual capital base of $6bn. It was to be a catalyst to encourage producer and consumer Governments into new commodity agreements, and through the strength of its financial resources would enable individual commodity organisations to borrow more cheaply on the capital markets to meet their buffer stocking requirements.

Developing nations proposed that the bulk of the finance should come from direct government contributions in cash or through guarantees. They wanted a second window to assist poorer nations. Though the purpose of the fund and the participating commodity associations would be to stabilise prices around a long term trend, there was a hint in their approach that they were seeking a long term increase of commodity prices.

Though industrialised nations accepted the principle of the fund in 1976, they rejected a capital structure based on government contributions. They proposed that the fund should draw its resources *from* the pooled deposits of participating commodity associations.

As such it was to be a banking facility enabling the associations to borrow more cheaply on the capital markets. It would also offer them financial savings by acting as a clearing house offsetting balances from the sale of one commodity against obligations incurred in buying another. The West would have no truck with a second window which it said would merely duplicate existing aid institutions.

What has emerged from the compromise is that the first window of the fund will be an institution having a capital structure that includes a small element of compulsory direct contributions. For the developing nations this ensures that the fund will have universality of membership and thus be a truly multilateral *institution.* But industrialised nations have also fought hard to ensure that it will not have resources to carry much muscle of its own. The $400m capital base for the first window—of which $150m will be in cash and the rest on call or in government guarantees—will do little more than cover administrative expenses and give the fund some standing in the capital markets.

In addition—the West has agreed—in what is probably the major concession made by industrialised countries and in particular by the U.S.—to a "second window" to be financed from a mixture of mandatory and voluntary contributions. Of the $300m initial target set, only $70m has so far been guaranteed. The "second window" is to assist poorer producers to increase their commodity earnings through measures such as helping to find new marketing outlets, raising productivity, research and development, and possibly product diversification. The West wants to keep the scope of the second window as limited *as possible,* whereas the African and Asian states see in it the main advantage to them from the Common Fund.

The West has fully gained its point that the responsibility for attempting to maintain pride, stability must rest with the individual commodity associations without intervention from the Fund. During the course of negotiations the industrialised nations accepted that in future commodity associations would be financed jointly by consumer and producer governments. Consumer Governments are determined that commodity agreements in which they participate will have sufficient financial resources and buffer stocks to hold prices to a long term trend —if that is feasible. But there is no question of the commodity associations being used to adjust prices upwards. The economic gains to developing countries will be small.

Participating commodity associations will deposit with the Common Fund a third of their maximum financial requirements to maintain a buffer stock of a jointly agreed size. Western nations believed this was too low as it would provide insufficient liquidity for stocking purposes, but developing nations argued that they would not have the cash for a higher ratio. The deposits they make with the fund will entitle them to borrow up to 100 per cent of their needs.

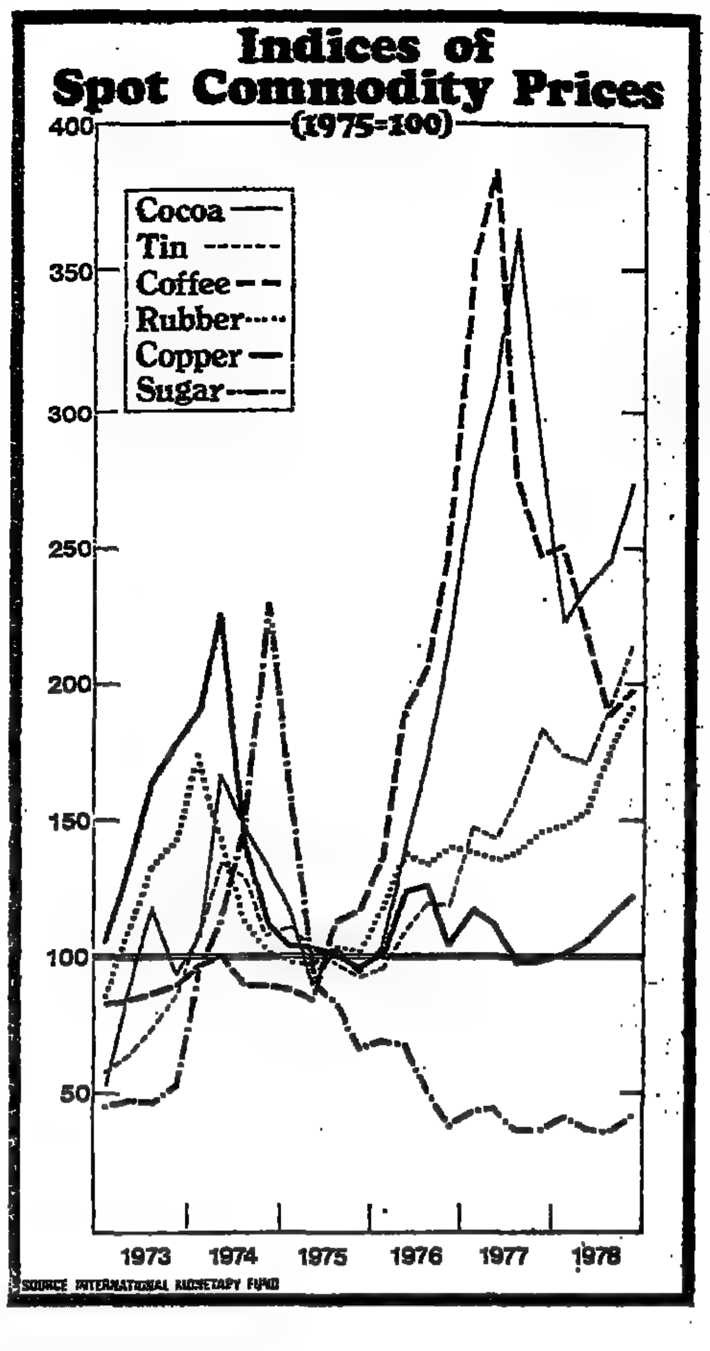
Though there was during the last round of negotiations considerable argument over the voting structure of the fund, the West's main concern was to avoid the developing nations, on the basis of their larger numbers, having greater voting power. The compromise reached gives industrialised nations 42 per cent of the votes as against 47 per cent for developing nations. However decisions on expenditure will require a three quarters majority and other decisions a two thirds majority, depending on their importance.

The success of the fund and its eventual size will depend on how many commodity associations are *formed* and which decide to join. In spite of an almost continuing round of negotiations to establish new commodity agreements under UNCTAD auspices since the integrated programme was announced, the only one to have been concluded is the sugar agreement—and it has yet to be ratified by the U.S. A rubber agreement is likely soon. Other existing commodity agreements —tin, cocoa and coffee—will need to negotiate the terms on which they join the fund.

## Earliest date

Officials involved in the negotiations expect that by 1980-81—the earliest date at which the fund could come into operation—the most likely commodity associations to have joined will be rubber, sugar and tin. Their membership would add about $500m to the capital of the first window to make a total of $900m. For the rubber and tin producers who have complained about the cost to them at the moment of financing buffer stocks, the main attraction of joining would be the prospect *of more money from* consumer Governments.

What both developing and industrialised countries hope for is that now that the main part of the Common Fund negotiations is out of the way it will be possible at UNCTAD V *to examine areas other than* commodities where co-operation may be possible between north and south.




# MEN AND MATTERS

## Smoke and fire at IPC

Readers turning to a leader headlined "A corporate decision" in today's *New Scientist* may be surprised to find themselves being buttonholed at some length by the editor, Bernard Dixon. He is explaining publicly a dispute which has blown up with his masters, IPC Magazines, which is in turn part of the Mirror Group.

It seems that without consulting either Dixon, or other editors, IPC chairman Teddy Court has vetoed any advertisements by the Legalise Cannabis Campaign.

Even *Police Review* has accepted this advertising, Dixon points out. But he is more concerned with the principle: "I feel very strongly about it, and I'll continue to try to get the decision changed. I don't smoke pot. I have no axe to grind. My complaint is about the way this company has taken the decision."

His article says that "the implications for the freedom of organisations and individuals to propagate legitimate opinions via advertising are clear." A longer article along the same lines appears in *New Society.*

Would be consider defying *the ban? I asked Dixon.* "It would be . . . "logistically difficult."


The New Spring Issue

## Pecking order

The Passport Office tells me *that the new legislation* allowing married women to add their husbands to a joint passport is proving more than an expedient nod to sexual equality. High-flying career women with stay-at-home spouses seem to relish the idea—which, of course, reverses the traditional view of a wife as an appendage on the "head of the family's" travel document.

It also seems that more women are choosing to retain their original surnames on their passports after being married: a wife is allowed to do this if she can show some proof that she is still known by her "maiden name." To this extent, Britain takes a more relaxed view than most other countries, including Germany—although legislation just passed there allows married couples to abandon the husband's surname and adopt the wife's, regardless of how long they have already been married. Those already doin gso explain that the wife's name "*sounds better.*"

But whatever surname a German couple settles on, both must stick with it for their passports and the identity cards which everyone must carry in the federal republic. As for Britain's joint passport option —*whoever is top dog—several* Germans I questioned said they thought it very curious.

## Beefing it up

Is London's appetite for hamburgers insatiable? Next week, the 29th Macdonald's restaurant will be opened in the metropolitan TV area (the fast-food business is so closely linked to television advertising that McDonald's have so far not ventured outside the area). Last year, the group doubled the size of its chain in London.

Now negotiations are in train for Wendy's the fastest-growing U.S. humburger concern, to move into London. If these rivals see us in their home terms, *British palates are in for* a lot of re-education—or degradation, according to your taste: in the U.S., there are 5,000 McDonald's and 1,400 Wendy's (not to mention 2,000 Burger Kings).

All this must sound like painful news for Wimpy, which *United Biscuits bought* two years ago for £7m. But Ernie Fisher, marketing director for Wimpy, told me confidently yesterday that Wimpy sales rose by 16 per cent in volume last year.

Although boasting 300 restaurants in the London TV area, Wimpy regards many of them as too small to meet the competition. So Wimpy is switching to the slicker American style, with which it has been experimenting in Notting Hill Gate.

Of course, Wimpy itself was an American import. But that was back in 1954, when Lyons bought the name from a man in Chicago.

## Pastures new

Thanks to the slowdown in the flow of petrodollars since the *fall of the Shah,* the smarter Parisian shopkeepers are directing the brunt of their efforts at the Japanese, of whom a record 400,000 are expected to flood in during this year.

The focus of the competition is in the Opera district on the *Right Bank,* dubbed "*Tokyo on Seine*" by the locals: kickbacks to the guides are, I am told, only a minor part of the behind-the-scenes arrangements. Leaving nothing to chance, more cut-throat shop owners are apparently paying up to £100 a month for information about when charter flights are due in.

One, taking ruthlessness one step further, hired his own bus, and ushered the jet-lagged Japanese into it for a whistle-stop tour of his tour before depositing them at their hotel.

## Double take

Truth is sometimes stranger than advertising copy—as I was able to explain to Michael Barton, advertising manager of Knight, Frank and Rutley. At the moment, the property firm is running a prestige campaign featuring an aerial view of Stonehenge, with the slogan: "You know all about that prime site for redevelopment, but KF&R know how to get the most out of it."

What they did not know is that they once auctioned off Stonehenge, for £6,600. "I hardly believe it," said Barton yesterday. But I was able to assure him that the sale took place in September 1915 in Salisbury, when the famous druids' temple, "and surrounding land," was knocked down to one Sir Cecil Chubb. It did not become National Trust property until 1969.

The advertisement was noticed on the front page of this newspaper a few days ago by author Michael Balfour—who has just completed a book "Stonehenge and its Mysteries," appearing in June. He has examined the papers of the Antrobus family, the sellers of Stonehenge, and these show that Frank, Knight and Rutley were the auctioneers. For the record, it was Lot 15.

## Star-gazing

I have just received a curious letter from Beverly Hills, announcing a conference sponsored by the American Economic Council ("Our goals: 1—A balanced *budget.* 2—Reduction of taxes. 3—A gold standard.") The conference aims to combine hard money economists with "very well known celebrities in Hollywood," who together will form a synthetis of "1—economic truths and sanity, and 2—the PR value of known and respected celebrities." I am only sorry the invitation arrived a week after it was all over.

***Observer***

ECONOMIC VIEWPOINT

# Beware of fictitious tax cuts

PREPARATIONS for this Budget have added a to the gaiety of life. A ıonths ago the Chancellor reaching bellfire and brim- A really tough Budget ıreatened in retaliation for reach of pay policy; and told in an interview that doubted if be would be prepared to tighten ary and fiscal policy in ction year, the Chancellor d: "They don't know Healey if they think

all is sweetness and There is, after all, no explosion. Indeed the estimate of the earnings se in this negotiating —approximately 13 per is if anything slightly less the last one. There will harsh Budget after all. ints are all of a "neutral t."

trouble is that neutrality term of art. The last t envisaged a public borrowing requirement of £8½bn in 1978-79. vas shaded down to £8bn official estimate of last ther. The commonsense retation of a neutral t is simply one in which BR does not exceed £8½bn. s basic sense Mr. Healey en committed to a neutral t all along; and we know al impact before he has a word. (The rationale therwise of £8½bn as d to any other figure will liscussed in Monday's rd column.)

he fiscal target requires rease in the tax burden ecause public expenditure, red in cash rather than money," is expected to faster than revenue. unately there are signs he Chancellor wants to that the Budget is neutral ther and highly mislead-ing sense, that is that there has been no increase in taxation considered *in isolation from* revenue.

To this end he has been trying to do two things. The first is to keep down the estimate of Treasury borrowing in 1979-80 so that the actual increase in the tax burden is not too big. This manoeuvre is partially defensible, as initial Treasury estimates could well have been too high. As part of the reaction to the overspending and high deficits of 1974-76, there may now be a disposition to err in the direction of caution.

## Ignorance

But secondly Mr. Healey has been toying with the idea of presenting his Budget changes in such a way that an increase in effective tax rates looks like no increase at all. This would be an attempt to profit from inflation and from the (cynically assumed) ignorance of the man in the street in order to go back on the spirit of the Rooker-Wise indexation amendments to the 1977 Finance Act. Such an attempt would probably boomerang even in political terms and is certain to be exposed. Even at this late hour I hope that Mr. Healey will drop the idea.

On the first point, preliminary Treasury projections a few weeks ago were showing a borrowing requirement in excess of £10bn before Budget changes. Suspicion of the figures may be politically convenient, but it may also be justified. After all, the challenge to the forecasts came from organisations not normally associated with Labour's re-election campaign. The CBI predicted a borrowing requirement of £8¾-£9bn. The London Business School's forecast was just over £9bn; but the difference was mainly due to slightly divergent interpretations of the term "before Budget changes."

There was another crucial episode. On January 25, when he was still in his hellfire mood, the Chancellor presented to the Commons a ready reckoner type of calculation purporting to show that if a wage explosion added £3bn to public sector outlays, the PSBR would increase by about £1½bn. This was effectively challenged by CBI forecasters, who as reported in the Lombard column of February 5, concluded that the effects on revenue of a pay explosion would roughly cancel out the expenditure increases. Since then little has been heard of the Chancellor's original horror story; and Treasury officials were more than normally reluctant to explain or elaborate upon it to the Public Expenditure Committee.

Another factor making the Chancellor and some of his advisers reluctant to have a tough Budget has been a gloomy official forecast for output and employment. An inkling of this is provided by the OECD projections, which would have been discussed with the Treasury and were published yesterday. These show UK output rising by only 1 to 1½ per cent in the course of 1979, and a current balance of payment surplus of nearly £1bn. A "growth recession" of this dimension indicates a substantial rise in unemployment. The leading indicators have also turned downwards—all four of them.

Nevertheless there is likely to be controversy about the precise way in which the revised PSBR forecasts have been calculated. Backdoor spending cuts have been assumed via the operation of cash limits, amounting to perhaps £1bn in all. These limits have been drawn up on the basis of the defunct 5 per cent pay guidelines, together with settlements already made, coupled with a warning that further increases in costs will be partially offset by cuts in the volume of spending. How far they will be offset, no one knows, probably not even the Chief Secretary to the Treasury.

There is also some controversy about whether the movement in nationalised industry prices and rents envisaged in the official forecasts will actually occur in an election year.

Optimists point to other factors more favourable to the authorities. For instance there was a paper written for the Prime Minister last autumn by Professor Hugh Clegg (head of the new Comparability Commission) and Lord McCarthy on the future of the existing public sector pay review boards. This made the point that comparability was only one factor that could be taken into account in wage negotiations, and that public sector employers were perfectly entitled to take into account any other factors including performance and the existence of labour shortages and surpluses. The danger, of course, is that too many cases will be thrown too quickly at the Clegg commission as a face saving way of averting public sector stoppages.

## Piece of paper

But we should remember that the Financial Statement issued on Budget Day is merely a piece of paper. Whether the PSBR target is adhered to or not depends not only on the accuracy of forecasts, but even more on efforts and decisions to be taken in the 12 months following. In his reply to Monday's public expenditure debate, Mr. Robert Sheldon, the Financial Secretary, emphasised that the PSBR limit was a "commitment" not just a forecast. "If it looks as though the limit will be exceeded, action will be taken"—a pledge he repeated in relation to the monetary target.

This is perfectly fair, if novel in relation to post-war British budgets. Nevertheless an explanation of how a forecast is arrived at is *not* "irrelevant" in assessing the likelihood of such further action either being necessary or being undertaken. All politicians contain both a Dr. Jekyll and a Mr. Hyde within themselves. Nobody, not even Mr. Callaghan himself, could say which of the two gentlemen will be in the driver's seat should he still be in office without an election up to next autumn.

But the immediate task is to discourage Mr. Healey from claiming phoney tax cuts in order to offset real increases. Under the Rooker-Wise amendments the Chancellor is compelled to index the personal allowances to the rise in retail prices in the previous calendar year, unless he *can carry an* Order releasing him from the obligation. He is almost certain to accept the indexation of the allowances, and may well go a little further, and then claim that the whole change is a tax reduction. For instance, the single personal allowance has to rise from £985 to £1,068 under the indexation formula. The temptation will be to round this up to £1,100 and then claim the whole of the change as a relief. This presentational trick, with all the allowances, might seem to give the Chancellor nearly £1bn with which to pretend to offset real increases in indirect taxation.

The honourable course is clear enough. It is to follow in the "before change" tables of the Financial Statement the working practice already adopted at the Treasury of assuming indexation not only of the personal allowances, but also of the tax thresholds and the specific duties. If Mr. Healey actually carries out, as well as assumes, this indexation and also rounds up the personal allowances, he may still need another £½bn-£1bn of revenue to *keep to his PSBR pledge.*

## VAT rates

He could do this by raising the VAT rates to 10 and 15 per cent, but this is unlikely both for political reasons and because of the impact on the Retail Price Index. The political temptation will be to make slightly greater increases in the excise duties than required just by indexation and to put ½ per cent on the employers' National Insurance contribution. The latter would not take effect for some months; and the Chancellor would be able to claim that the impact of the Budget on retail prices was less than 1 per cent—an effect which is "politically possible" because the twelve monthly increase in retail prices is expected to rise soon above the magic 10 per cent threshold in any case.

About all this, people can argue endlessly and inconclusively. The important issue of principle to be established is that governments are not entitled to raise the tax burden and change its incidence surreptitiously, and without Parliamentary approval, as a side effect of inflation. It follows that increases in nominal tax thresholds merely to offset inflation are in no sense reliefs or concessions but merely adjustments to maintain the *status quo*.

Almost everything else about this Budget is at the mercy of conflicting theories and forecasts. But fiscal indexation concerns the rule of law, properly understood, rather than mere economics. And it is no accident that just those people who cannot understand why Parliament should have voted down the arbitrary and unprincipled use of pay sanctions against employers should also be puzzled why anyone should make a fuss about indexation. "There are none so blind as those who will not see."

**Samuel Brittan**

### BUDGET OPTIONS FOR APRIL 3

| | | Effects on revenue £bn | Effect on Retail Price Index % |
|---|---|---|---|
| Non-indexation of personal allowances | | +0.9 | — |
| £100 further increase in single and married allowances | | −0.7 | — |
| Extension of lower rate band of 25p from £750 to £1,000 | | −0.4 | — |
| Indexation of lower rate band (i.e. increase to £810) | | −0.1 | — |
| Indexation of higher rate thresholds | | −0.2 | — |
| Abolition of higher rate bands | | −1.1 | — |
| Top marginal tax rate of 50 per cent | | −0.5 | — |
| 5 per cent change on Corporation Tax | | ±0.3 | — |
| 1½ per cent increase in employers' National Insurance surcharge from 3½ to 5 per cent | | +0.9 | n.a. |
| *Indexation of indirect taxes* | | | |
| 3p per gallon increase on petrol and derv duties, etc. | +0.2 | | +0.1 |
| 2½p increase on packet of cigarettes, etc. | +0.1 | | +0.3 |
| ½p on pint of beer, 30p on bottle of spirits and 6p on wines | +0.1 | | +0.2 |
| £5 increase to £55 in car licence | +0.1 | | +0.1 |
| | | +0.5 | +0.7 |
| 2 per cent increase in VAT from 8 to 10 per cent | | +0.8 | +0.9 |
| 2½ per cent increase in higher VAT rate from 12½ to 15 per cent | | +0.1 | |

N.B.—The indexation of personal allowances as required by the Rooker-Wise amendments in the 1977 Finance Act are treated in this table as "no change." *An attempted Order to annul* the effects of "Rooker-Wise" is treated as a change, as is any increase in allowances over and above that required by the 1977 Act.

Figures, which are approximate only, are mostly full year effects based on 1978-79. Revenue costs and gains will be higher in 1979-80. On the other hand first year effects are less than full year ones. The two distortions roughly offset each other.

*Source, Treasury CBI*

# Letters to the Editor

## [E]xpensive [cig]arettes

*[From] the Director, [Nation]al Consumer Council.*

[Sir,]—Sir James Wilson, chair[man] of the Tobacco Advisory [Counci]l (March 19) comments [on th]e National Consumer [Counci]l's budget proposals and [demon]strates that statistics can [be us]ed to prove almost any-[thing].

[Sir] James maintains that [the "f]acts of the case" do not [suppor]t our contention that [cigare]ttes and spirits are rela[tively] cheap compared with a [few y]ears ago, and that the duties on them are at [histori]cally low levels in real [terms].

[You]r readers may be inter[ested] in the following table, [derive]d from the latest annual [report] of HM Customs and [Excise] (CMND 7455).

20 Standard Tipped Cigarettes

| | Retail price at 1978 prices p | Duty & VAT per packet at 1978 prices p | Duty & VAT per packet as proportion of retail prices % |
|---|---|---|---|
| 1968 | 72/73 | 50/55 | 70/76 |
| 1969 | 74 | 53 | 71 |
| 1970 | 70 | 49 | 71 |
| 1971 | 64 | 43 | 67 |
| 1972 | 61 | 40 | 66 |
| 1973 | 56 | 36 | 64 |
| 1974 | 58 | 40 | 68 |
| 1975 | 61 | 43 | 69 |
| 1976 | 53/56 | 37/39 | 69/70 |
| 1977 | 53/60 | 38/42 | 72/70 |
| 1978 | 55 | 39 | 70 |

[Sinc]e the tax on cigarettes [repres]ents such a high propor[tion o]f the price it is not sur[prisin]g that there is little move[ment i]n the relationship of one to the other. But the figures show that in real terms both price and tax are lower than they were in the years 1968 to 1972, 1974, and 1975.

Sir James quotes (incorrectly) the retail price indices for tobacco and for all items since January 1974, to show that tobacco prices have risen faster than the general index in that time. Yes, they have—but over a longer period exactly the reverse is true. Since 1968, for example, the retail price index for tobacco rose by 162 per cent and the general index by 220 per cent.

The NCC does not in fact advocate that all the revenue burden to finance real increases in personal tax thresholds should come from tobacco and alcohol. But even if we did, it does not require punitive levels of taxation to raise substantial amounts of revenue.

Although it is true that tobacco taxes hurt the poor, so, these days, does income tax. It's just a question of priorities.

Jeremy Mitchell.
*National Consumer Council.*
*18, Queen Anne's Gate, SW1.*

## [Ta]lking to [ea]ch other

*[From] Mr. J. Wates*

[Sir,]—It is a great pity that Wilfred Brown's article, ["Why] managers should talk to [emplo]yees" (March 19) con[tains] so much that is excellent but yet ends up advo[cating] the sending of letters to [emplo]yees' homes. The use of [the po]st is normally seen to be [a last] resort attempt to inject reality into an emotional [situ]ation, namely, the recent strike. The disadvantage is that it *does nothing* to [suppo]rt the management line.

[Bri]efing information down [throu]gh the foreman has the advantage of ensuring [that l]ine management are kept [in the] picture and their position [enhan]ced in the eyes of the [work]force.

[Onl]y last week I was at a [mediu]m-sized engineering com[pany] that had in fact sent out [its la]st offer to its workforce's [homes] but normally used the [briefi]ng group method of face to [face] communication to get its [mess]age across. The manage[ment] stated categorically the [princi]pal advantage of this [brief] system was "the good ... at foreman level."

[J.] N. Wates
[(Ass]ociate Adviser),
[The] Industrial Society,
[Pete]r Runge House,
[Ca]rlton House Terrace, SW1.

## [D]istilling from [w]ood

*[From] the Chairman, [Nati]onal Association of [Char]coal Manufacturers*

[Si]r,—In response to Mr. John [Cam]pbell (March 18) on the [subj]ect of destructive distilla[tion] of wood, we would point [out] that the United Kingdom has a long history of innovation in this particular field.

On the technical page of this newspaper in September last there was an article on plant developed for conversion of sawdust and agricultural wastes. This development was carried out because the need for alternative raw material sources is very evident, particularly in areas with little or no access to mineral energy resources. We are of course aware of work being carried out in other parts of the world, with some urgency, in recognition of the approaching scarcity of oil fuels. Unlike Georgia, however, the United Kingdom does not need a pilot plant: we already have a full scale production unit. Switzerland also has one, France has at least four in use and Spain has two—without giving consideration to others in areas farther afield.

This association is already aware of the situation outlined by Mr. Campbell. Indeed, in the UK practically all charcoal is made from sawmill and forestry residues. One point however must not be overlooked—that the potential large quantity of materials arising from forest thinnings will be softwood, whereas the market favours hardwood charcoal products for various very good reasons.

The technological development mentioned as being necessary by Mr. Campbell is already in hand. Studies in conversion of biomass are well advanced. Techniques for wood pyrolysis are available and are under constant review: plant developed and built in the United Kingdom for pyrolysis of agricultural wastes is already in use overseas.

The UK Department of Energy's programme already covers much of the field suggested and indeed Warren Spring Laboratory, among others, has studied the conversion of municipal waste materials into solid fuel and oil type by-products.

We would agree with Mr. Campbell that the recovery of by-product chemical and gas materials will be necessary but would again point out that the technology is available and indeed is in use in this country.

A great deal of work has been done recently on improving the techniques involved in the use of by-product gases from wood pyrolysis for direct fuelling of internal combustion engines: this relates of course to improvements on the methods formerly used, and it is now possible to blend these gases with other fuels for direct power generation.

There is no doubt that the use of these materials must grow and we would echo Mr. *Campbell's sentiments in that* we must look to making more extensive use of our waste materials in the future.

D. W. Kelley.
Shirley Aldred and Co.
*Worksop, Notts.*

## Caravan site costs

*From the General Secretary, National Association of Caravan Owners.*

Sir,—With a considerable amount of attention being focused on the chairman of the Prices Commission and the inflation rate rising to 9.6 per cent, I would like to highlight a far greater increase caused by the Prices Commission placing caravan sites outside its jurisdiction, without providing alternative protection.

This has resulted in site operators increasing their rental by, in many instances 100 per cent and in others 300 per cent. The unfortunate caravan owner has no alternative but to pay up and look pleasant (or lose the caravan) due to the fact it is practically impossible to resite a static caravan.

*Glenise Woods,*
National Association of Caravan Owners,
*44 Cherry Tree Close,*
*Brinsley, Notts.*

## Agricultural policy

*From Mr. N. Davie-Thornhill*

Sir,—With reference to Mr. Smedley's letter (March 19) and the general argument about the Common Agricultural Policy, the following points have not been clearly made.

Agricultural production is not exact. No farmer can predict his output within 20 per cent. Variables outside his control (mainly weather) can make this much difference, or more.

European agriculture, however efficient, cannot compete with New Zealand grass or North American grain. Other industries, not least coal, enjoy protection at the consumers expense. Most agricultural prosperity is re-invested in buildings and machinery (or removed by taxation), to add to the general prosperity of the country.

Price reductions can increase the surpluses by forcing farmers to grow more to maintain profits. This is particularly true of milk and cereals.

Any system with thousands of independent producers will inevitably produce surpluses or shortages. It may be sensible to import the shortages but not necessarily so.

N. B. B. Davie-Thornhill.
*Station Park Farms,*
*Hinderclay Hall,*
*Near Diss, Norfolk.*

## Growth of leasing

*From the Chairman, Equipment Leasing Association.*

Sir,—We welcome the discussion about leasing which has appeared *in your columns* in recent weks and, in particular, we are pleased that Mr. Michael Lafferty (March 15) emphasises the size and importance of the leasing industry. Leasing is solely concerned with providing industry and commerce with finance for new plant, equipment, and vehicles which it so urgently requires.

Leasing has grown because of general acceptance and wide recognition of its unique characteristics, which arise from the distinction between use and ownership. Leasing encourages a realistic use of resources, it aids budget planning and it is a hedge against inflation.

Taxation is also important and has affected the rate of growth of the industry. Its significance is that leasing companies, as owners of equipment, claim capital allowances and defer corporation tax, thereby enabling lessees who do not themselves have sufficient taxable profits to benefit from the investment incentive. In this way leasing has substantially increased the overall level of capital investment in the UK.

In 1977 and 1978 there were two exceptional factors which had a marked impact on the rate of growth revealed by expenditure statistics. It is only recently that leasing facilities for very large items of plant and equipment arranged in earlier years have been reflected in statistics: and in mid-1977 changes in the Control of Hiring Order removed restrictions on leasing of cars used for business purposes.

We recognise that by no means all leasing companies are subsidiaries of financial institutions. This association welcomes industrial and commercial companies as members, provided that they lease a wide *range of equipment and are in* the continuing trade of leasing. We see no evidence of recent growth having been uncontrolled, as has been alleged. We believe that the majority of industrial lessors obtain professional advice and are aware of the risks — principally the possibilities of losses being incurred because of complexity of *lease evaluation and of liabilities* to third parties arising from ownership of equipment.

We consider that leasing will continue to grow substantially in the coming decade. The rate of growth, however, will be lower because growth in recent years has been that of a young industry starting from a low base and because growth in car leasing will now be in line with equipment leasing generally.

There could, of course, be changes in the system of investment incentives. In view of the size of, and the central place which leasing now has in industrial development of this country, such changes, provided equality of treatment is maintained between leasing companies and owner-users, would be unlikely to have more than a marginal effect on the leasing industry.

T. M. Clark.
*14, Queen Anne's Gate, SW1.*

# Today's Events

**GENERAL**

UK: Miners' ballot on pay offer begins.

Bank of England offers £800m of stock by tender.

Overseas: EEC Budget Council meets in Brussels.

EEC Ministerial two-day conference with developing nations opens in Brussels.

*Industrial powers (U.S., West* Germany, France, Italy, UK and Japan) start two-day meeting in Tokyo.

**OFFICIAL STATISTICS**

Car and commercial vehicle production (February, final). UK banks' assets and liabilities and the money stock (mid-February). London dollar and sterling certificates of deposit (mid-February). New vehicle registrations (February). Bricks and cement production (February). Manufacturers' and distributors' stocks (fourth quarter, revised). Capital expenditure by the manufactur*ing, distributive and service* industries (fourth quarter, revised).

**PARLIAMENTARY BUSINESS**

House of Commons: Prime Minister's statement on devolution. Road Traffic (Seat Belts) Bill, second reading. Motion on Firearms (Variation of Fees) Order.

House of Lords: Consolidated Fund Bill, all stages. Vaccine Damage Payments Bill, third reading. National Heritage (formerly Land) Fund (No. 2) Bill, third reading. Conservation of Wild Creatures and Wild *Plants (Amendment) Bill.*

**COMPANY RESULTS**

Final dividends: C. T. Bowring and Co. Garton Engineering. Central Assets. J. Hewitt and Sons (Fenton). Philips' Lamps Holdings. H. and J. Quick Group. Sharpe and Fisher. Stone-Platt Industries. Williams and James (Engineers). Winston Estates. Wolf Electric Tools (Holdings). Interim dividends: Capseals. Cope Allmann International. Howden Group. Saga Holidays. Interim figures: Mills and Allan International.

**COMPANY MEETINGS**

Allied Insulators, Federation House, Station Road, Stoke-on-Trent, 11.30. Birmid Qualcast, Midland Hotel, New Street, Birmingham, 12. Cardinal Investment Trust, 1-2, Laurence Pountney Hill, EC, 12. Imperial Group, Dorchester Hotel, Park Lane, W, 12. Robert Kitchen Taylor, 16-17, Berners Street, W, 12. Pengkalen, 65, London Wall, EC, 2.30. Romney Trust, 21, Moorfields, EC, 2.45. Tribune Investment Trust, 8, Leadenhall Street, EC, 2.30.

# Cycle and domestic sides lift Tubes to £80m

AIDED BY exports and a strong UK consumer durable market profits, before tax, of Tube Investments, the steel, aluminium and engineering group, increased by 19.6 per cent to £80m in 1978. This follows a rise of 15 per cent at midway when the directors said that improved efficiency and competitiveness should enable the increasing profit trend to be maintained.

External sales showed an increase of 11.2 per cent to £1.1bn for the year. There was only small volume growth in total sales and the higher profit came from improved performance and margins. Also industrial disputes had less of an effect than in the previous year and cost benefits arising from capital expenditure and rationalisation made an increasing contribution, the directors explain.

The capital goods and construction industries remained depressed throughout the year with commodity products supplied particularly facing fierce competition. Steel tube and steel products were most affected at the primary end of their range but export business was obtained which improved plant loading and sustained profits. Profit before interest from the steel division improved from £24.1m to £25.1m.

On the aluminium side, which turned in virtually static profits of £27.4m against £27.8m, demand was lower and competition from imports increased. During 1978 the group raised its holding in British Aluminium to some 58 per cent and this company's accounts have now been fully consolidated for 1978 with comparisons restated.

On the domestic appliances side, increased sales volume and market share produced sharply higher profits. Cycles enjoyed strong home demand and continued to find growth in some overseas markets. The cycle subsidiary TI Raleigh Industries reported profits almost doubled at £8.4m against £4.91m for 1978, on sales £32m up at £139m.

Group earnings are reported at £49.8m against £40.5m, with earnings per share stated at 84.8p (81p). The accounts show extraordinary items of £11m compared with £8.9m. The main items are related to terminal losses on closures and losses on disposal of subsidiaries and trade investments in the UK and Australasia (£6m) and exchange rate differences £4.4m.

The dividend is increased by the maximum permitted—from 21.121p to 23.396p, with a final of 12.421p.

| | 1978 £m | 1977 £m |
|---|---|---|
| External sales | 1,106.0 | 934.4 |
| Trading profit | [illegible] | 79.7 |
| Profits of assocs. | 5.4 | 4.9 |
| Interest | 7.3 | 9.5 |
| Profit before loan interest | 87.8 | 75.1 |
| Loan interest | 7.8 | 8.2 |
| Profit before tax | 80.0 | 66.9 |
| Taxation | 17.3 | 12.5 |
| Net profit | [illegible] | 54.4 |
| Minorities | 12.9 | 13.9 |
| Earnings | 49.8 | 40.5 |
| Extraord. debits | 11.0 | 8.9 |
| Dividends | 13.8 | 11.1 |
| Added to retained | 25.0 | 20.5 |

Inflation adjusted accounts show a profit before tax of £38.6m (£27.7m) after additional depreciation of £24.1m (£21.3m) cost of sales £21.3m (£24.1m), less gearing adjustment £6.7m (£8.1m).

At the year-end the group balance-sheet showed a net inflow of funds of £13.1m and the conversion of £1.9m loan stock brings this up to £15m. This reduction in borrowing combined with an increase in shareholders' funds lead to a decrease in the percentage of net borrowings to holders' fund from 33.5 to 27.6.

The reduction in borrowing includes a net decrease of £8.4m relating to group changes. This arises mainly from the deconsolidation of the consumer finance division following the sale of half the equity to Lloyds and Scottish Finance at the beginning of 1978, partly offset by TI's additional investment in aluminium in September, 1978.

Capital expenditure at £43.2m shows an increase of 25.6 per cent. The rate of expenditure continues to increase, in line with the need to modernise, achieve cost savings and expand.

See Lex

# R. Clay advances to £1.9m

FOLLOWING GROWTH from £768,046 to £922,734 in first-half profits, Richard Clay and Co., book printer and binder, ended 1978 with pre-tax surplus ahead to a record £1,901,186, compared with £1,638,172.

Earnings per 25p share are given up from 11.93p to 13.83p and with provisional Treasury approval granted, the dividend total is effectively lifted from 2.5536p to 2.94226p net, with a final of 1.61226p.

Turnover increased £1.93m to £11.31m, while net profits rose from £1,077,747 to £1,241,884 after tax of £659,302 (£560,425).

# British Aluminium on target despite severe competition

COMPARED WITH a forecast of between £24m and £25m British Aluminium has turned in pre-tax profits of £25.09m for 1978 which represents an increase of £1m on the previous year.

The forecast was made at the time of the Reynolds' share placing in September, 1978. As also indicated at that time the final is 30p per £1 unit taking the total up from 35p to 50p. It is proposed to reconvert the ordinary stock into shares; to subdivide the £1 shares into two of 50p each; and to make a one-for-one scrip issue. It is intended to increase the authorised capital from £16.29m to £29m.

Affected by severe competition group turnover of this Tube Investments subsidiary was only marginally higher at £210.55m against £208.15m. Trading profit was lower at £27.3m (£28.07m) but this decline was offset by a cut from £4.65m to £2.48m in interest charges. After tax and minorities, group earnings came through at £21.98m against £21.65m and on a per share basis they are stated at 195p (197p).

Inflation adjusted accounts show a profit before tax of £12.16m compared with £10.39m.

There was a net positive cash flow of £8.23m for the year and at the year end net borrowings amounted to 13 per cent of shareholders' funds.

| | 1978 £000 | 1977 £000 |
|---|---|---|
| Turnover | 210,552 | 208,150 |
| Trading profit | 27,302 | 28,074 |
| Associates | 274 | 658 |
| Interest | 2,478 | 4,648 |
| Profit before tax | 25,098 | [illegible] |
| Taxation | 3,090 | 2,336 |
| Net profit | 22,008 | 21,758 |
| Minorities | 30 | 113 |
| Earnings | 21,978 | 21,645 |
| Extraordinary credits | 1,774 | †103 |
| Preference dividends | 63 | [illegible] |
| Ordinary interim | 2,192 | 1,644 |
| Final | 3,627 | 2,192 |
| Retained | 17,870 | 17,843 |

† Loss.

See Lex

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Armstrong Equip. int. | 0.88 | May 16 | 0.8 | — | 2.26 |
| Assam Dooars | 9.51 | Apr. 26 | 9.51 | 9.51 | 9.51 |
| Banro Cons. | 1.89 | — | 1.68* | 2.42 | 2.16* |
| Bejam int. | 0.77 | Apr. 26 | 0.7 | — | 1.62 |
| Arthur Bell int. | 1.77 | June 4 | 1.61* | — | 3.52* |
| British Aluminium | 30 | May 11 | 30 | 50 | 35 |
| Matt. Clark int. | 1.6 | Apr. 17 | 1.6 | — | 5.79 |
| Richard Clay | 1.61 | May 4 | 1.49* | 2.94 | 2.85* |
| Comben | 1.2† | Apr. 27 | 1.2 | 1.7‡ | 1.7 |
| Dawnay Day int. | 0.75 | Apr. 27 | 0.5 | — | 1.75 |
| House of Lerose | 2.55 | June 11 | 2.12 | 4.38 | 3.93 |
| John I. Jacobs | 1.35 | May 17 | 1.3 | 1.9 | 1.85 |
| Lon. & Man. Assurance | 4.47 | May 30 | 3.96 | 7.24 | 6.48 |
| Hugh Mackay | [illegible] | May 15 | 1.65 | 3.62 | 3.25 |
| Maynards int. | 1.69 | May 11 | 1.54 | — | 6.41 |
| Molins | 5.7 | May 23 | 5.15 | 7.9 | 7.15 |
| New Cn. Wtwtrsrd. int. | 7.5¶ | May 11 | 5 | — | 22‖ |
| Phoenix Mining | 0.83§ | — | 0.75 | 0.83 | 0.75 |
| Rockware | 3.67 | May 17 | 3.28 | 5.89 | 5.28 |
| Scot. Ind. Mercantile. int. | 1 | Apr. 19 | 1 | — | 3.37 |
| Sirdar int. | 1 | May 4 | 0.84* | — | 2.1* |
| Thomas Tilling | 2.62 | May 24 | 2.32 | 4.82 | 4.32 |
| Tube Investments | 12.42 | May 15 | 11.29 | 23.39 | 21.12 |
| W. & E. Turner | 1 | May 4 | 0.83* | 1.41 | 1.16* |
| Waring & Gillow int. | 1.09 | May 8 | 0.97* | — | 3.26* |
| Weir Group | 3.86 | — | 3.51 | 5.73 | 5.2 |
| Western Dooars | 5.74 | Apr. 26 | 5.25 | 5.25 | 5.24 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For nine months. § Corrected. ¶ South African cents throughout. ‖ For 14 months.

# London and Manchester advances to £2.14m

A SUBSTANTIALLY higher transfer from life policyholders' funds and improved investment income resulted in net profit of London and Manchester Assurance advancing from £1.69m to £2.14m in 1978.

The final dividend is 4.4691526p per 5p share, which, with the interim and associated tax credit, makes 10.80178p gross, compared with 9.7302p in 1977. Stated earnings are shown higher at 14.31p against an adjusted 12.12p.

The transfer from policyholders' life funds rose by 24 per cent from £1.44m to £1.79m. Investment income was 41 per cent higher at £608,000 compared with £430,000, the increase arising partly from the investment of the proceeds of the rights issue. The general branch loss was slightly higher at £77,000 against £74,000, and the tax charge was £173,000 (£102,00).

The annual reversionary bonus rate on ordinary branch with-profit policies has been lifted to £4.80 per cent of the sum assured against £4.70 per cent. The annual reversionary bonus rates on various industrial branch policies have also been improved.

The share price improved 6p to 142p on the results yielding 7.9 per cent gross.

# Howard and Wyndham calling for £0.71m

Howard and Wyndham is raising £0.71m by way of rights to expand its publishing and retail jewellery businesses. The proposals will also reduce long-term debt by £0.48m.

In addition the company announces an increase in pre-tax profits from £0.17m to £0.19m for the half year to end December, 1978 but warns that a continuing relative rise in the value of sterling will have an adverse effect on earnings for the full year.

The directors are not able to make a profits forecast but say they remain confident of the long-term potential.

The net interim dividend is 0.335p (0.33p), payable on July 6. Last year's payments totalled 0.665p.

A total of 3,857,280 new 9 per cent conversion cumulative redeemable 20p preferred shares 1999 are being issued at 20p per share on the basis of one preferred for two ordinary, one preferred for two "A" ordinary, one preferred for two partly-paid ordinary and 121.97 preferred for every £100 of 8½ per cent convertible unsecured loan stock 1982.

The preferred will vote pari passu with the ordinary and will be capable of conversion four times each year at 20p (one ordinary for each preferred) until December 31, 1981, and at 25p (four ordinary for five preferred) until December 3, 1984.

Directors intend to take up their rights in respect of the fully paid shares they beneficially own. The issue has been underwritten.

Terms have been agreed with Warner Communications Inc. under which, subject to completion of the rights issue, the £476,000 loan note will be cancelled against the payment of £0.4m which will be applied in subscription for 2m 9 per cent special convertible cumulative redeemable preferred shares of 20p each. These shares are convertible into 2m ordinary shares provided they are converted prior to December 31, 1981. Thereafter until September 30, 1981, they are convertible into 1.6m ordinary shares.

# 20% improvement pushes Tilling near £65m mark

WITH new interests contributing £2.8m 1978 pre-tax profits of Thomas Tilling improved by 20 per cent from £53.9m to £64.9m. At the interim stage the advance was one of 23 per cent from £22m to £27m.

The directors report that all sectors of the group contributed to the good results and, with the exception of tiles and pottery, to the increase in profit over the previous year.

Earnings per 20p share are shown to have risen from 18.3p to 24.6p and the net total dividend is stepped up from 4.315p to 4.818p with a final of 2.618p.

During the year the balance sheet remained strong. Retained profits amounted to £41.7m increasing share capital and reserves to some £313m. Net borrowings rose by £35m to £91m.

See Lex

## HIGHLIGHTS

Tube Investments found the going difficult in its major steel, aluminium and engineering businesses last year but made good progress in domestic appliances and cycles, while the consolidation of British Aluminium for the first time has helped boost the overall figure. The pre-tax gain on a comparable basis is almost a fifth to £80m. Lex discusses the prospects for the new tap stock where the application list closes this morning. Although the stock appears to be cheap it does not look as if it will be oversubscribed. Lex also considers the figures from Thomas Tilling where profits are up by 20 per cent to £65m. Elsewhere, the half-time figures from Armstrong Equipment are examined and it looks as if the company's impressive growth record is going to slip this year. Strikes have hit the Weir Group, while Bejam's interim advance looks disappointing and the market is hardly enthusiastic about Arthur Bell's profits advance. Molins' profits are a record, and Sirdar has produced a good gain.

# Armstrong Equipment hit by car industry disputes in first half

STRIKES at customers' factories hit Armstrong Equipment, the automotive products and industrial fastenings group, in the half-year to December 31, 1978.

Taxable profits edged ahead from £4.03m to £4.27m on sales of £43.91m, against £39.44m. Total profits for the whole of last year were £8.67m.

Mr. J. Harry Hooper, chairman, says prolonged strikes at factories of the two largest customers on the original equipment side of the automotive components business cost £800,000 in lost profits.

In addition sterling's strength against the U.S. and Canadian dollars resulted in an exchange loss on debtor balances.

But Mr. Hooper says the company base is now broader and stronger, and growth is assured providing the market is not further eroded by strikes.

However, he points out that after the disputes in the automotive industry the group was hit by the lorry drivers' strike which reduced supplies to customers at home and overseas and made a poor start to the second half.

Mr. Hooper adds that it is difficult to say whether the business lost during the lorry drivers' strike will be totally recovered.

Overseas the operations in Canada, Spain, France and Southern Ireland have improved their performances, leaving the South African manufacturing company as the laggard. Urgent steps have been taken to improve this.

Tax for the period is £2.15m, against £2.06m. The net interim dividend per 10p share is lifted from 0.8p to 0.88p. Last year's total payout was 2.2646p.

### ● comment

Over the past four years pre-tax profits growth at Armstrong Equipment has not been less than 25 per cent and on three occasions the increase has been considerably higher. Judging by the damage so far inflicted by strikes, however, this impressive record now looks certain to be broken and the company will do well to achieve much more than £10m this year. Manufacture for original equipment has been an uncertain market for some time and the underlying trend at the moment shows no improvement. The replacement side, on the other hand, particularly Armstrong's own marketing and wholesaling interests, has clearly done well but once again the company will be looking to new acquisitions to help maintain the advance. Cornercroft, for instance should make substantially more in the current year than its previous £250,000 and although Anglo-Swiss will only break even in the current period, it should begin to contribute thereafter. A couple of further acquisitions are expected in the next few weeks. At 70½p the shares are on a fully taxed prospective p/e of around seven and yield 5.3 per cent.

# Makin up to £0.47m at mid year

ON TURNOVER virtually unchanged at £6.22m against £6.25m last time, pre-tax profits of J. and J. Makin Paper Mills, paper and metal foil paper maker, climbed from £319,937 to £473,938 for the half year to September 30, 1978.

The directors reported pre-tax figures of £734,583 (£508,375) for the previous full year and said that profits for the first half would fall some way short of the second half figures for 1977-78.

They now forecast that the second six months' profits will be in excess of those for the first half.

Pre-tax figure for the period included other income £46,236 (£15,840) and associated profits £83,262 (£46,290) and was subject to tax of £258,527 compared with £169,740. Net profit emerged as £215,411 (£150,197).

The net interim dividend is increased from 0.44p to 0.484p per 25p share—last year's final payment was 1.28879p.

# UK COMPANY NEWS

## ligher imports it Rockware

CTION from £7.41m to n profit, before tax, is d by the Rockware he glass, plastics and ng concern, for 1978 lirectors report that the nths of the current year n hit by the transport

glass division the profit x and interest, virtually d at £6.97m against was below expectations. ectors explain that the sons for this were higher ports, a poor summer ndifferent pre-Christmas

trast, the plastics divi- an excellent year with fit contribution rising 5,000 to £899,000. Profits bottle-making operation l up on 1977. Results new subsidiary, Alida g Group, are included ast two months of the

engineering side Bur- ed and Kinghorn an foundry subsidiary profits some 70 per cent 7 and growth continues. reflecting a lower ate than expected and l relations problems, Kingspeed showed a s. This division turned of £160,000 compared ofit of £126,000.

ards 1979 the directors at the year started cally but the transport s had a serious impact and cash position in the nths.

oup profit for 1978 was er depreciation up from £4.92m. In accordance AP 12 the group now for depreciation on buildings and leasehold buildings. The figures have been restated— eciation charge shown 77 accounts was £3.81m. earnings are shown to from £6.51m to £6.09m a per share they are 27.55p against 31.28p. dend total is increased maximum permitted — p to 5.896p net, with a .6678p.

### ment

's figures are a little to elucidate, as the profits, with the intro- of a higher deprecia- rge, are on a different m the interim. On the s, 1978 depreciation was gainst a restated £4.2m an £0.7m gap that profits were unable to Rockware has preserved share in the glass con- siness against increasing import penetration by taking a cut in margins, and the Kingspeed conveying equipment business is still losing money. This unexciting picture for 1978 is made gloomy by the haulage strike which hit Rockware hard—this year's first-half figures are likely to be poor, and the heavy capital expenditure programme (about £11m a year) together with growing working capital needs may well be leading to higher borrowing. At 122p, down 8p, the shares yield 7.4 per cent on a fully-taxed p/e of 8.2.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—C. H. Beazer, Capseals, Cope Allman International, Howden, Saga Holidays, F. W. Thorpe.

Finals—C. T. Bowring, Central Assets, Garton Engineering, Gibbons Dudley, J. Hewitt (Fenton), Philips' Lamps, H. and J. Quick, Sharpe and Fisher, Stone-Platt, Williams and James (Engineering), Winston Estates, Wolf Electric Tools, Yorkshire Chemicals.

FUTURE DATES

| | |
|---|---|
| Interims— | |
| Amalgamated Estates | Mar. 30 |
| Radley Fashion | Mar. 29 |
| Sanderson Murray and Elder | Mar. 28 |
| United Wire | May 3 |
| Finals— | |
| A.P.V. | Mar. 29 |
| Arncliffe | Mar. 26 |
| Brammer (H.) | April 2 |
| Gibbs and Dandy | Mar. 27 |
| Harrison and Sons | April 3 |
| News International | Mar. 29 |
| North British Canadian Invest. | Mar. 30 |
| Stag Furniture | Mar. 28 |
| Transatlantic Market Trust | April 4 |
| Unicorn Industries | April 6 |

## W. Turner rises to £1.37m

TAXABLE profits of W. and E. Turner, footwear retailer, rose from £953,711 to a record £1.37m in 1978, on turnover up from £10.02m to £12.85m.

At halfway, when net profit was higher at £121,291 against £69,921, the directors said this rate of increase may not necessarily be maintained throughout the year—in the event, net profit came through at £638,998 compared with £445,983 after tax of £735,002 (£507,728).

Stated earnings per 10p share are higher at 6.17p (4.3p), and the total dividend is lifted from an adjusted 1.16205p to 1.4124p net—subject to Treasury consent.

## Weir Grp looks for upturn after £1.5m year-old fall

STRIKES AT its two largest plants were largely to blame for a £1.5m drop in the taxable profits of Weir Group, the engineering combine, in 1978. The surplus fell from £9.12m to £7.6m on turnover ahead from £160.43m to £183.53m.

But the board expects to see a sharp recovery in earnings in the current year and a resumption of the growth that was interrupted last year.

The directors add that world market conditions are still difficult, but the group is going ahead with a large capital investment and product development programme to improve its competitive strength.

At midway taxable profits were static at £4.52m (£4.53m) but the directors then forecast a profits improvement for the full year.

The strikes in the second half which seriously reduced profits of the engineering and steel foundries divisions were at Weir Pumps in Glasgow and Catton and Co., Leeds.

The fall in the earnings of the pump and foundry companies was partly offset by an improvement in the desalination side. It made good progress in carrying out major Middle East contracts and contributed significant profits for the first time.

The pre-tax profit is struck after interest down from £2.82m to £2.53m. Tax for the period, restated in accordance with SSAP 15, is £2.29m (£2.53m).

The directors say that because of their confidence in the current year the dividend is being raised despite the profits drop. The final of 3.8599p net per 25p share takes the total from 5.203p to 5.7233p. Stated earnings are down from 25.7p to 20.6p.

Reserves have been increased £15m after the revaluation of land and buildings, the treatment of deferred tax in accordance with SSAP 15 and the write-off of goodwill on consolidation and retentions for the year totalling £3.5m.

### ● comment

The second half strikes at Weir Group knocked around £3.2m from pre-tax profits for the year, and the general downturn in demand for steel foundry products cost a further £1m. Some of the strike losses will be recovered during the current financial year and will boost the contribution from the engineering division. This is one of the factors behind the directors' confidence in the 1978-79 performance. But the major boost will come, as it did last year, from the desalination division. The division is working on installing 14 plants in the Middle East and, during the second half of 1978, virtually completed five of these. As a result the contribution to profits was well above City expectations and effectively underpinned group performance. The completions are helping the cash position and the gearing is favourably altered by the big increase in shareholders' funds, largely due to the revaluation. Return on capital employed is down, however. The shares jumped 9p to 105p giving a p/e of 4.9 and a yield of 8.4 per cent. The rating is well below average for the capital goods sector.

## laynards profits off ghtly midway

at Maynards, confec- se by 16.5 per cent from o £21.68m for the six to December 31, 1978, wer exceptional credit, om £89,000 to £26,000, ble profits just behind 1 against £1.27m.

eter Salmon, chairman, 1 initial expenses were during the period, in n with the modernisa- ctories and preliminary h the opening of a new house in Bedford. Both should provide benefits ature, he adds.

sales have continued to in the first quarter of ent year, although they n affected by the indus- rest and bad weather. rman feels it would be o give a forecast but he group believes it to be right to continue with its expansion programme.

The net interim dividend is increased from 1.54p to 1.694p net per 25p share absorbing £82,594—last year's final payment was 3.88745p from profits of £1.62m.

Estimated tax for the six months takes £625,000 (£650,000) leaving a net profit of £587,000 against £623,000 last time.

Mr. Salmon states that the confectionery trade remained buoyant, but the increase was in chocolate products. The modernisation plan, part of which aims to reduce costs, continues.

In toy retailing there was a recovery in sales and the chairman says the new warehouse in Bedford should not only provide an improved distribution service but reduce the level of warehousing costs incurred previously.

## M. Clark ahead at 8 tmonths

*PRE-TAX profits of Matthew* Clark and Sons (Holdings) rose from £1.51m to £1.68m for the eight months to December 31, 1978, on turnover up from £34.43m to £38.49m.

The directors say that trading since Christmas has levelled off, but profits for the full year are unlikely to be less than the £1.9m for 1977-78.

The net interim dividend for this wine and spirit group is increased from 1.6p to 1.8p per 25p share—last year's final payment was 4.19p.

Minorities took £349,000 (£402,000) for the eight months.

## Banro held back in second half

AN INCREASE of 17.8 per cent in taxable profits from £911,502 to a record £1.07m in 1978 is reported by Banro Consolidated Industries, coil form metal processing electroplating group.

Turnover rose 16.3 per cent from £12.69m to £14.76m.

At halfway, when profits advanced from £343,600 to £496,718, the directors said full-year results should be ahead of the previous period.

They now say the results were achieved despite disruption by industrial disputes at the customers' operations.

On prospects they say the final result is likely to be satisfactory and they are confident in the company's future growth. However, first-half results in some divisions are likely to be affected because of industrial disputes and the road haulage strike, they add.

Order books are very sound and have been strengthened by the receipt of a contract from the South Korean licensee for supplying equipment and tooling for its automotive component operation.

After tax of £531,131 (£506,129), earnings per 20p share are shown to have risen from 8.1p to 10.9p. The total dividend is stepped up from an adjusted 2.1638p to 2.4173p, with a final of 1.8903p. A one-for-ten scrip issue is also proposed.

## Phillips Patents ahead in first half

A further recovery in first half profits is reported by Phillips Patents with pre-tax profits of £21,495 for the six months ended September 2, 1978, on turnover up by more than 30 per cent to £2.44m.

The profit compares with £993 in the same period of 1977 and with a loss of £66,841 in the first half of 1976. In the year ended February 28, 1978, pre-tax profit was £105,000.

The delay in the first half results was due to protracted negotiations over the sale of the Rabbetts Company subsidiary to Monsell Youell which was completed on March 2.

Phillips received a total of £422,000 for the sale and has used this sum to reduce group bank borrowings. The sale will also enable the group to concentrate efforts on mainstream manufacturing activities, the directors say.

Due to the continuing heavy expenditure on machinery replacement, the financing of increased stock and a need to stay within bank facilities the board is not paying a dividend. However, it is hoped that with a continued improvement in profitability and the ability to turn some of the trading stock into cash, directors will be able to reconsider the dividends position. The last payment was a single 1p in 1974-75.

The second half of the year showed an improvement in profitability of some subsidaries but directors have been delayed in implementing part of the modernisation programme due to the inability of manufacturers of certain machinery to keep to delivery dates.

The small losses in the property development companies (excluded from first half results) are due to interest payments and expenditure on improving certain planning approvals.

The future shows great prospects for recovery the directors say but they are concerned about the rises in prices of certain raw materials.

## Y. J. Lovell warns of poor first half

In the current year, first half figures of Y. J. Lovell (Holdings), builder, developer and timber importer, were unlikely to make very happy reading, but that would only spur the group on to produce some better results in the second half, said Mr. Peter Trench, the chairman, at the annual meeting.

The group was in good shape but the recent bad weather, coincided with the national haulage strike, had left its effect.

Although he had no doubt Lovell woud regain momentum during the spring and summer, complete recovery was some way off, Mr. Trench added.

Looking further ahead, the chairman rejected any doubts about the future of construction. Together with its spin-off, construction was likely to remain for some years the hub of Lovell's activities, he said.

In the year to September 30, 1978, pre-tax profit advanced 15 per cent from £1.61m to a record £1.84m.

# Arthur Bell expands to £8.7m in first half

IN THE half year ended December 31, 1978, pre-tax profits of Arthur Bell and Sons, the Scotch whisky distilling group, increased from £7.77m to £8.67m on sales up from £88.23m to £103.92m.

At the net level, profits showed a rise from £5.6m to £6.16m and earnings per 50p share are shown at 13.23p against 12.09p.

Increased profits from the Scotch whisky division and from glass containers together with a break-even position in the transport division are all in line with expectations of Mr. R. C. Miquel, the chairman, when speaking at the annual meeting last December.

The chairman now expects that profits from the Scotch whisky division in the second half of the current year will not be less than the £5.24m for the same period of 1977-78 while second half profits from glass containers should be similar to the £605,000 of the same period last year.

The transport division which showed a profit of £2,000 (£30,000 loss) in the first six months should show a small profit in the second half, says Mr. Miquel.

The directors have declared an interim dividend of 1.78785p absorbing £821,624, compared with an equivalent 1.60714p—last year's total was equal to 3.523p on group pre-tax profits of £13.61m.

Home sales turnover of Scotch whisky improved by £15.28m during the first half to £85.94m. Bell's sales volume increased by 17 per cent and The Real Mackenzie by 44 per cent over the equivalent period in 1977.

Bell's export sales turnover of £8.45m for the half year 1978, was £1.4m ahead of 1977. It is expected that the recent agreement which has been reached with Pepsi Company International in the U.S. will lead to the gradual increase of sales of *Bell's scotch whisky* in that market.

The four Highland Malt distilleries worked to full capacity in 1978 and output for the full year amounted to 4.6m proof gallons (4.4m). With the substantially increased demand both at home and overseas for The Dufftown-Glenlivet malt whisky, it is necessary to expand production at this distillery in 1979 and alterations costing £500,000 will be made to increase the output by 50 per cent.

In the current year £1.3m is being spent on the expansion of the blending and warehousing facilities at East Mains, West Lothian. At Dunfermline, the bottling hall which was built in 1975 is now working to capacity bringing the annual bottling output to 70m bottles.

The first two months of 1979 has seen the demand for the products of the Scotch whisky division remain strong in both home and export markets. The transport strike caused some disruption to production and sales to export markets were completely halted.

Every effort is being made to catch up with shipments and it is expected that export sales to June 30, 1979, will show an improvement on the figures reported for the same period of 1978, the chairman says.

| | Half-year 1978 £000 | Half-year 1977 £000 |
|---|---|---|
| External turnover | 103,919 | 86,229 |
| Scotch whisky | 94,977 | 78,403 |
| Glass container | 8,746 | 7,748 |
| Transport | 196 | 78 |
| Trading profit | 10,288 | 8,273 |
| Depreciation | 673 | 491 |
| Investment income | 3 | 4 |
| Loans interest | 942 | 1,013 |
| Profit before tax | 8,674 | 7,773 |
| Scotch whisky | 7,812 | 6,971 |
| Glass container | 860 | 832 |
| Transport | 2 | *30 |
| Tax | 2,516 | 2,171 |
| Net profit after tax | 6,158 | 5,602 |

* Loss.

The group policy is to re-invest all profits earned by the glass container division in the modernisation and expansion of production facilities at both the Swinton and Queenborough factories and during the period a furnace was rebuilt at Queenborough.

A 30 per cent increase in capacity is planned over the next four years and part of the proposed development will be in green glass which will augment the range of products currently offered in white flint and amber.

The January transport strike severely disrupted operations and a loss of £300,000 was made during the month. However, both factories are now operating at full capacity to meet current sales demand.

### • comment

Arthur Bell always says the market expects too much but even by the company's own standards these results are undoubtedly disappointing. Profits before tax are only 12 per cent better, a low growth rate compared with some of the group's recent performances, while margins in the all important whisky division are about half a point lower. The question now is whether these figures simply reflect a temporary hiccup or a more serious setback. Given that volume has increased well above the national average and hence Bell is more than holding on to its market share, the answer must be that the slowdown should *soon be overcome.* This, however, will probably not be achieved in the next year or so. Price restraint in the UK has been responsible for the recent dent in margins and the latest price increase (which took effect last month) may not be sufficient to make up lost ground in the second half. Overseas developments, on the other hand, could hold the key to future growth and the U.S. marketing drive is only one small part of the expansion. At 179p, and assuming profits for the year of around £15½m the shares are on a prospective p/e of 7.5 (taking a line through the half year tax charge) or 11.1 fully taxed. The yield of around 3.4 per cent (assuming a 15 per cent increase) is the main drawback.

Companies and Markets

**BIDS AND DEALS**

# Wilmot Breeden rejects Rockwell £20m offer

BY JOHN MOORE

The proposed offer of nearly £20m from **Rockwell International** of the U.S. for **Wilmot Breeden**, the UK engineering group with large interests in motor component manufacturing, has been rejected by the Wilmot Breeden Board.

In a statement yesterday, Wilmot said that it had considered the indicated offer of 95p per share, which was revealed on Monday, and concluded that the offer was "a wholly unsatisfactory proposal at a level which could not be *recommended to shareholders."* On the Stock Exchange Wilmot's shares rose 3½p to 94½p.

Yesterday's statement came after a meeting of the Wilmot Board on Tuesday.

Rockwell, which has interests in aerospace, electronics and engineering, caused some surprise earlier this week when it pitched its offer lower than expectations while at the same time calling for a large amount of information relating to 1978's profits, trading prospects for 1979, Wilmot's capital investment plans, redundancy plans and any other relevant information.

Although the groups have *been talking since last December,* Rockwell wants this additional information before any formal offer is laid on the table.

Wilmot in turn has provided only part of the requested information — estimated results for the year ending December 31, 1978—and stressed that it will be providing further "historic" information to Rockwell.

Wilmot's advisers, Morgan Grenfell, said yesterday: "we have to behave more cautiously in this position."

Wilmot's estimated results for 1978 showed a fall in taxable profits of 25 per cent to £4.23m. Profits before tax have been struck after £1.35m of reorganisation and redundancy costs. This compared with reorganisation and redundancy costs of £147,000 in the previous year.

Wilmot said that exceptional industrial unrest in the UK motor industry in the latter part of 1978 accounted for a reduction in profit before taxation "of the order of £750,000."

Rockwell's advisers S. G. Warburg said yesterday that its offer had been based on its own *assumptions of Wilmot's profits,* which it had anticipated would be £5m.

Audited preliminary results for Wilmot's last financial year are expected to be announced on April 9.

### SIME DARBY FAILS TO ALTER PANEL EXECUTIVE

**Sime Darby (Holdings)** yesterday failed to persuade the full Take-over Panel to overrule three *decisions of the Panel* executive. But although "surprised and disappointed" about this, Sime has been encouraged by acceptances amounting to about 8 per cent of **Guthrie Corporation** from the Far East.

Three protagonists in Sime's bid to acquire Guthrie were at the two and a half hour hearing of the Panel. Mr James Scott, chief executive of Sime, Mr. Ian Coates, managing director of Guthrie and Mr. David Hopkinson, of M and G Investment Management, all heard Sime's three claims.

The claims were:—

● that M and G Investment Management and the Anderson family holdings had been acting in concert with the Guthrie board and that they would therefore have to make a bid if their collective stake in Guthrie went over 30 per cent.

● that the booklet "The Future of Guthrie" issued by Guthrie a profit forecast and should therefore have been properly audited.

● that this booklet was issued too late in the bid battle to enable shareholders to consider it properly.

The Panel took about 10 minutes, while the parties *concerned were outside the room,* to decide to confirm the ruling of its executive and throw out these claims.

The Panel is understood to have taken into account that persons acting in concert, according to the definition in the Takeover Code, have to "actively co-operate" and have the intention "to obtain or consolidate control."

The Guthrie booklet did not give any profit forecast figure and only described coming developments which could have an effect on the fortunes of the company in future years generally. The booklet was issued ten days *before Tuesday, March 27,* the date on which the offer must lapse if it has not been declared unconditional.

The next closing date is today, but Sime is expected to extend the offer to next Tuesday. Sime owns just under 30 per cent of Guthrie.

### TOYE STAKE SOLD

**J. B. Hayward and Son,** *medal specialist,* has sold its 15.01 per cent holding in Toyea nd Co., the group which *sells* civil and *military regalia.* The *number* of shares disposed of amounted to 337,500.

Harvard Securities bought 12.79 per cent of the Toye share capital on March 13, but as a result of disposals to clients its *holding* is now less than 5 per cent. Harvard has also said that no individual client of Harvard holds more than 5 per cent of Toye shares.

# SUITS Board meets today

The directors of **Scottish and Universal Investments** meet today to discuss the latest cash and share offer for the group from **Lonrho.**

When Lonrho made its offer for the group last year—which resulted in a Monopolies probe—the board was sharply divided with three directors led by Mr. Hugh Laughland, chief executive, strongly opposing the bid and two directors including Sir Hugh Fraser supporting Lonrho's offer.

However Sir Hugh and Mr. James Gossman, who also supported Lonrho's last bid, have yet to say whether they will also back the latest offer.

Lonrho is bidding one of its shares plus 100p cash for each SUITS share—valuing the whisky distilling to newspaper publishing concern at just over £56m. This compares with Lonrho's all share offer last year which valued SUITS at around £39m.

Meanwhile SUITS share price yesterday rose 30p to 189p—compared with Lonrho's offer which values the shares at 181p.

A successful takeover of SUITS by Lonrho would leave Lonrho with a near 30 per cent stake in House of Fraser, which owns Harrods department store. House of Fraser shares yesterday rose 8p to 176p.

### *SINGLO BUYING* DISCOUNT RETAILER

**Singlo Holdings** is to buy **Norman's,** a discount retailer based in the West Country, for between £2.25m and £2.75m. This will be financed by a one-for-three rights issue on the ordinary shares, a five-for-three rights on two classes of convertible preference shares, and the issue of £759,441 nominal of a new 15 per cent convertible loan stock.

The deal will result in a major extension of Singlo's interests, taking it further away from its original base in tea plantations. The additional UK earnings will be very lightly taxed, according to Mr. Michael Slocock, chairman of Singlo, because of the ACT which Singlo will be able to recoup and because of losses which can be offset.

Other reasons for the purchase were that Norman's had a good record, said Mr. Slocock, held £1m in cash and owned freehold property, was selling at a price he considered "very reasonable" and could provide outlets for some of Singlo's products such as pickles and giftware.

The acquisition was not *designed as a defensive move* against Caparo Investments, the Indian owned company which bid for Singlo 1½ years ago. Mr. Slocock said he increasingly had the impression that Caparo was not currently intending to make another take-over bid.

In 1978, Norman's made a pretax profit of £790,000 on turnover of £19.9m. Its net assets at the year end were £2.47m, taking into account a revaluation of its properties. Mr. P. M. Norman, a director, will join the Singlo Board.

Singlo intends to recommend a second interim dividend of 0.5p on the increased capital and a final of 0.742p. It will recommend total dividends of 1.9162p (1.742p) for the year to March 31, 1980.

### CMT/FRANCIS

The offer by **Central Manufacturing and Trading Group** for **G. R. Francis Group** has been declared unconditional, but it remains open. Acceptances have been received in respect of 1,632,975 shares (92.31 per cent of shares for which offer was made). CMT now controls 93.36 per cent of total capital.

### POLLY PECK

**Polly Peck** announces the conclusion of its contract with the German distributor for the sum of DM 1m for the 1978-79 year and an option for a further DM 1.2m 1980-81. Orders in excess of £100,000 for the first half of the current year have already been received, the directors state.

A lease, valued in the company accounts at nil, has been sold for £52,500.

### METAL BOX

**Metal Box** is to acquire the 500,000 3.675 per cent redeemable cumulative preference £1 shares of its subsidiary, Metal Box Overseas. The shares will be cancelled and holders will receive 73p cash per share.

### SKETCHLEY

**Sketchley** is acquiring from members of the Short Family the 49 per cent minority shareholding in A. T. Short which it does not already own. Consideration is £25,578.

**MINING NEWS**



# Western Mining and BP find new orebody

BY PAUL CHEESERIGHT

**Western Mining** and **BP Minerals** have discovered a second orebody at their base metals prospect near Benambra in the Australian state of Victoria.

The discovery enhances the commercial possibilities of a prospect whose early drilling results had revealed much promise. It consolidates the first success of BP Minerals in mining exploration.

The second orebody has been named the Currawong prospect, Western Mining announced yesterday. It is four kilometres *from the first orebody, called* Wilga.

At Currawong, hole No. 24, over an intersection of 14.2 metres, assayed 2.0 per cent copper, 0.5 per cent lead, 3.1 per cent zinc and 42 grammes per tonne silver. Hole 22 gave only minor mineralisation.

Drilling has meanwhile continued at Wilga and the assay results from two further holes, Nos. 21 and 23, show a decline in copper grades compared with holes 17, 18 and 19, although they are higher than at hole 20. In all cases, however, the grades are substantially higher than *those frequently mined commercially* in the U.S.

The copper grades for holes 21, over an intersection of 9.4 metres, and for hole 23, over an intersection of 102 metres, were respectively 1.6 per cent and 3.8 per cent.

Lead grades over the same intersections were 0.1 per cent and zinc grades were respectively 0.3 per cent and 3.7 per cent. The silver graded 12 grammes and 22 grammes per tonne.

Benambra is 49 per cent owned by BP Minerals and 51 per cent by Western Mining whose shares yesterday declined 9p to 175p as the investment dollar premium moved lower.

# Gold mines see high profits

VAAL REEFS and Western Deep Levels, two of the **Anglo American Corporation** gold mines in the Transvaal, are both moving towards record operating profits during the current year provided the bullion price does not slide viciously from its present level of around $240 an ounce.

This is evident from the annual reports of the companies, published today, which state that Vaal Reefs needs a bullion price of $214 an ounce to maintain the record profits of 1978, while Western Deep Levels needs $211.

The chairmen of the Transvaal mines expect the bullion price to remain above $200 an ounce, but they add that "there may continue to be major fluctuations owing to current political and economic developments." Their view is thus cautiously in the middle of the range of independent analyses of the gold market, which *foresee* prices ranging between $180 and $300 depending on the economic scenario.

The mines are confident enough, however, to maintain a high level of capital spending. Both Vaal Reefs and Western Deep exceeded their 1978 budget levels and this year plan to spend respectively R80m (£46.75m) and R77m with a continuing emphasis on uranium plant as the industry seeks to maintain what the chairmen call "South Africa's reputation for reliability."

At **Elandsrand,** the new mine where production is building up, capital spending this year is budgeted at R70m, and any short term funds required in excess of the mine's cash resources will be *raised in the form of bridging finance.*

### AOKAM INCOME HOLDS STEADY

Two units of the **Malaysia Mining Corporation** whose main operations are in Thailand, **Tongkah Harbour Tin Dredging** and **Aokam Tin,** yesterday announced modestly higher net earnings for the six months to December over the same period of 1977.

Profits at Tongkah Harbour were M$986,000 (£219,600) against M$875,000, while those of Aokam were M$3.7m (£824,950) against M$3.65m.

Both producers were able partially to offset lower output with higher prices. At Aokam tin concentrate sales in the December half were 11,905 piculs compared with 13,674 piculs in the same period of 1977, while the comparable figures for Tongkah were 3,955 piculs and 4,264 piculs. The average Penang price per picul was M$1,847 compared with M$1,707.

### N. CENTRAL WITS LIFTS INTERIM

**New Central Witwatersrand Areas,** *an investment holding* company in the **Anglo American Corporation** of **South Africa** group, yesterday declared an interim dividend of 7.5 cents (4.38p) for the financial year to August.

This compares with an interim of 5.0 cents in the previous financial year, which was extended to 14 months after the decision to change the year-end. The total payments for that period of 14 months were 17 cents.

Net profits for the six months to the end of February were R91.603 (£53,540). They were R92.561 in the six months to December 1977 and R395,920 in the 14 months to August 1978.

### NO PROBE

The proposed merger between **RTZ Chemicals** and **United Sterling Corporation** is not be referred to the Monopolies Commission.

# £3.3m increase for Molins

A TURNROUND of £2.4m in the paper and packaging machinery section, from losses last time, and an improved performance in tobacco machinery, lifted taxable profits of Molins for 1978 from £8.3m to a record £11.6m. Group sales advanced by £18.1m to £105.5m.

At the interim stage directors had reported profits increased from £2.8m to £5.1m and said that figures for the full year would reflect a more even apportionment between first and second periods, *than in previous* years.

They now state that national disputes during the early part of the current year materially affected group profits and cash flow, which will be reflected in first half results. However, they expect an improvement on the whole of the year.

Before tax of £4.9m (£1.7m) earnings are shown as 39.4p (28.1p) per 25p share, and 22.4p (22.2p) after. The dividend is *stepped up to 7.898p (7.15p)* net with a final payment of 5.698p.

| | 1978 | 1977 |
|---|---|---|
| | £m | £m |
| Group sales | 105 5 | 87 4 |
| Tobacco | 75.1 | 63 6 |
| Paper & packing. | 30 4 | 23 8 |
| Depreciation | 2 6 | 2.2 |
| Trading profit | 13 1 | 9.7 |
| Tobacco | 11.7 | 10.7 |
| Paper & packing. | 1.4 | †1.0 |
| Interest | 1.5 | 1.4 |
| Profit before tax | 11.6 | 8.3 |
| Taxation | 4.9 | 1 7 |
| Net profit | 6.7 | 6.6 |
| Minority interests | 0 1 | 0 1 |
| Attributable | 6.6 | 6.5 |
| Ordinary dividends | 2.3 | 2.1 |
| Retained | 4.3 | 4.4 |

† Loss.

Sales from UK operations came to £74.4m (£59.4m), of which £57.9m—78 per cent (79 per cent)—was exported.

The group changed its policy in respect of deferred taxation and now provides only for tax which directors anticipate will fall due in the foreseeable future; reserves have been increased by £9m (£6.6m).

The tax charge for 1977 was adjusted accordingly but was small due to the lower level of UK pre-tax profits that year, in relation to capital expenditure and to stockholding-related reliefs.

Molins incurred capital expenditure of £3.7m during 1978 compared with £3.6m previously.

Shareholders' funds were up by £4m to £58.1m at the year end.

**● comment**

In a difficult year, Molins seems to have pulled its way back, recapturing much of the ground lost *in the 1977* profit slump. This year's profits top the 1976 record of £10.9m, thanks partly to the reduction of labour costs and partly to the successful introduction of new products. Molins, with a share of over *50 per cent in the UK market* for cigarette makers and handling machinery as well as the major share for hinged lid packers, looks in a strong position to exploit the increasing world demand for cigarettes. During the year the company has given greater managerial muscle to its vulnerable paper machinery division and to its Brazilian and Indian subsidiaries. Its Indian subsidiary was particularly badly hit both by floods and strikes. Molins intends to consolidate its market position in 1979 rather than undertake any ambitious diversification schemes and, with the national lorry-drivers' strike expected to hit mid-way results, it looks like being a year of restraint. At 160p, the shares stand in a p/e of 6.9 and yield 7.6 per cent.

# Bejam ahead and starts well in second half

On turnover 31 per cent ahead *from £44.23m to £58.25m*. Bejam, the frozen foods and freezer concern, lifted taxable profits from £2.34m to £2.74m in the half year to December 30, 1978.

The directors say the branches trading a year earlier showed a 20 per cent increase in food sales when inflation was low. They add that a large volume increase was achieved by a slight cut in gross margins.

And the Board is optimistic *about the current half, in which* turnover is running well ahead of the corresponding period last year. The group turned in taxable profits of £4.42m for the year to July 1, 1978, on £90.98m turnover.

*Turning to the group's venture* in the fast food restaurant business, the directors say the first of such restaurants to trade under the Trumps banner is due to open this summer.

The group has also agreed in *principle to buy 38 restaurants* from EMI for £5m. The deal is subject to shareholder approval.

However, the directors say that while fast food will be a valuable addition to the company's business, freezer food will continue *to be the main* activity, and additional freezer centres are being sought.

After tax for the half year of £208,000 (£186,000), net profit comes out at £2.53m, against £2.15m. Stated earnings per 10p share are up from 3.99p to 4.67p.

The interim dividend is lifted from 0.7p to 0.77p net at a cost of £417,000, against £378,000. The total payout last year was 1.621p.

Freddie Mansfield

Mr. John Apthorp, chairman of Bejam, photographed in the processing room at the company's Stanmore storage depot.

**● comment**

While sales went ahead strongly, Bejam's first half profits show a disappointing rise of only 17 per cent. Margins are difficult enough for most High Street food retailers but in Bejam's case the problem has been compounded by an unfavourable change in the product mix. The company sold fewer frozen vegetables—a high margin item—mainly because of a plentiful fresh supply and slightly more meat, on which margins are lower. Elsewhere, freezer sales continued to grow. But overall, Bejam seems to have got over the slight setback of last year, when profits were hit by the drought of 1976. New freezer/food centres are continuing to be opened and the company will have another 45,000 sq ft on stream by the end of the year. Profits of £5.8m should be possible for the year—an increase of nearly a third. At this level the shares, at 72p are on a prospective yield of 3.7 per cent while the p/e is 7.2 taking a line through the interim tax charge.

# Sirdar makes jump to £1.48m so far

WITH TURNOVER higher at £11.3m against £10.11m, taxable profits of Sirdar, knitting and rug wool manufacturer, jumped from £0.89m to £1.48m for the 28 weeks to January 12, 1979.

The directors anticipate that the current level of profits should be maintained throughout the year. For the 1977-78 full year, a record £2.11m pre-tax was achieved.

After tax of £0.36m (£0.17m) mid-year earnings are given up from 5.9p to 9.5p per 25p share. The net interim dividend is effectively raised from 0.84p to 1p—last year's payments totalled an equivalent 2.0985p.

**● comment**

Sirdar is confident of maintained second half profits which, if achieved, would indicate a p/e of 6.2 on a 24 per cent tax charge. The share climbed 10p yesterday to 119p largely in response to the 67 per cent interim pre-tax profit improvement but perennial speculative interest has been heightened recently by the rumoured emergence of two large shareholders. As yet, these rumours lack substance since no stake of more than 5 per cent has been disclosed which leaves the share price to stand or fall on trading prospects and potential income considerations. On the former count Sirdar looks somewhat less attractive than, say, 18 months ago for it seems that business is levelling out after a strong run. Certainly, the 12 per cent turnover gain contains only a marginal volume improvement. Loss elimination in Switzerland and, more importantly, West Germany may be worth about £120,000 next year but Sirdar's ability to raise the final dividend in line with the cover rules looks the more solid prop for the shares. The 1977-78 dividend was covered a record seven times and the outlook this year suggests around 10 times cover at that level of payment.

# Waring & Gillow 48% midway increase

Taxable profits of Waring and Gillow (Holdings), the furniture and clothing group, jumped more than 48 per cent in the six months to September 30 1978. The surplus *rose from £1.44m* to £2.14m on turnover net of VAT up just over 34 per cent at £27.1m, against £20.18m.

The 1978 profit figure was after an SSAP12 depreciation on leasehold properties and freehold *buildings of £125,000.*

Mr. Manny Cussins, chairman, says the Board intends to raise the total dividend payout for the year by about 25 per cent, subject to Treasury approval. The interim dividend is raised from *an equivalent* 0.9733p net per 25p share to 1.0868p, costing £248,477, against £225,888. The total last year was an equivalent 3.2625p.

Mr. Cussins adds that the policy of increasing volume by selling at competitive prices benefited *profits*. Of the £2.3m trading profit, the furniture side contributed £2.24m on turnover of £22.61m. The clothing division turned in trading profits of £66,924 on £4.5m turnover.

He says the rationalisation of the clothing manufacturing division has continued and he is confident it will make a steadily increasing profits contribution. A major investment and rationalisation programme is being considered and this will further enhance the division's competitiveness.

The chairman adds that the Hartley Carpet Group, bought at the beginning of the financial year, did not make a significant profits contribution but it is expected to make a useful one in the full year.

On net trading profit of £2.26m a reserve for tax of about £1.18m (£0.75m) would have to be made, although because of stock relief the payment may be considerably less, says Mr. Cussins.

## MULTI-CURRENCY LOANS ARRANGED

General Investors and Trustees and Cardinal Investment Trust, in which it has a 8.9 per cent interest, have each arranged a new five-year multi-currency loan facility with Manufacturers Hanover Trust Company. In both cases Australian $1.5m has been drawn for three months at 9⅞ per cent interest.

General Investors repaid £1.5m, and Cardinal £1m, unsecured loans from Manufacturers Hanover in January.

# Comben moves above forecast with £1.47m for nine months

*THE DIRECTORS of Comben* Group, estate developer and house building concern, report pre-tax profits of £1.47m for the nine months to December 31, 1978, compared with £1.3m for the previous year—an annualised rise of 49 per cent—and compares with a forecast of £1.35m made at the time of the offer for Orme Developments. Turnover was £21.29m against £24.66m.

Despite the bad weather and industrial unrest, the level of *sales now prevailing and a widen*ing of margins, caused by a price rise, gives them grounds for optimism and for future growth in profits in the current year.

Orme Developments, a housebuilding company, was acquired late *in 1978 for £6.4m* in cash plus some 15m shares in Comben.

The directors say results for the nine months were achieved almost entirely through the improved trading activities of the original group of companies, since the contribution from Orme was not material.

During the year a controlling shareholding in Comben's parent company, Carlton Industries, was purchased by ultimate holding *company, Hawker Siddeley* — Camben changed its year-end to December 31 to fall in line with Hawker.

As a result of the Orme acquisition, the group's borrowing ratio was increased; they represent 1.3 *times the shareholders'* funds but directors say this is a temporary position and they intend to reduce this during 1979 and 1980.

Another result of the issue of new Comben shares, was to reduce the percentage holding by Carlton to 47.6, making Comben an associate, rather than a subsidiary, of both Carlton and Hawker.

After a tax credit of £328,000 (£326,000 charge), earnings are *shown as 6.07p per 10p share compared with 3.85p. The divi*dend for the nine months is maintained at the previous year's level, 1.7p net, with an unchanged final of 1.2p, as forecast last September.

Dividends absorb £614,000 (£426,000) leaving £1.18m (£549,00) retained.

**● comment**

After a switch to its own conservative accounting basis, Comben Group has taken *little or* nothing from Orme in the final two months of the period to end-December last. Furthermore, by revaluing Orme's land bank Comben has eliminated some £3m of stock profit which would *otherwise have come through* over the next three years or so. But, of course, the acquisition centred on a land bank which almost doubled Comben's resources which are now worth about four years' production. The upshot has been a sharp rise in gearing but the ratio should be back down to around 1:1 when Orme's investment properties, in the books at about £2m, are sold. While it is difficult to remain anything other than cautious about this stage of the house-building cycle, the omens look reasonably cheerful. Completions are budgeted to rise from an aggregate 2,100 in 1978 to 2,500 this year and, despite appalling weather conditions, the surge in house prices has added a further two points to margins which should now be approaching 9 per cent. As anticipated, the total dividend for the nine-month period is held at 1.7p net per share which suggests a yield, on an annualised basis, of 9.4 per cent and at 37p.

## DAILY MAIL TST. YEAR-END CHANGE

The accounting date of the *Daily Mail and General Trust is to be changed to September 30 in line with Associated News*papers Group which has already announced a change of year-end.

The current year will be extended six months to September 30, 1979, and a second interim report with results to March 31, 1979, will be announced at the end of June followed by a second interim dividend.

Results for the current 18 months period with the final dividend will be announced in January, 1980.

## Pennine chief sees £150,000 for 1979/80

PRE-TAX profits of not less than £150,000 are forecast for the current year, by Mr. G. Tankard the chairman of Pennine Commercial Holdings, formerly Pennine Motor Group.

For the year ended January 31 1979 the group achieved taxable profits of £9,408 compared with a previous £37,626 loss. Turnover was well up from £852,322 to £1.36m.

Trading profit was £120,226 (£17,644 loss) of which £83,679 was taken, regarded as pre-acquisition profits, and interest £27,139 (£19,982). Tax for the year was £8,874 (nil), leaving a net profit of £534 (£37,6262 loss).

Earnings are shown as 0.007p per 10p share against an 0.59p loss; the last dividend paid was in 1973.

On March 9 the company entered into a conditional agreement to purchase the whole of the issued share capital of Club 32 Holidays (Club 32), a tour operator holding ABTA and ATOL licences and organising holidays in Greece and Spain.

## RESULTS AND ACCOUNTS IN BRIEF

Ulster Bank—Pre-tax profit for 1978 £13,200,000 (£10,842,000). Tax £5,487,000, dividend £315,000. Company is subsidiary of National Westminster Bank.

BERISFORDS (ribbons, trimmings, labels, etc)—Results for November 18, 1978, year reported February 22 in full preliminary statement. Group fixed assets £2.56m (£2.11m), net current assets £2.88m (£2.38m), comparisons restated. Working capital increased by £340,000 (£597,00). Meeting, Congleton, April 10, 11 am.

BERRY TRUST COMPANY—No interim (same). Dividend not less than 4.25 per cent (same) forecast for year. Gross income half year to February 28, 1979 £327,373 (£323,452). Interest and expenses £295,003 (£241,340). Pre-tax profit £32,370 (£82,112). Tax £12,511 (£29,164). Net asset value per share 99p (72p). *Stated earnings per share* 0.13p (0.35p).

EXPRESS DAIRY PROPERTY COMPANY—Pre-tax profit year to September 30, 1978 £81,620 (£109,486). Tax £41,365 (£56,589). Add extraordinary items £25,882 (£12,447).

ENGLISH AND NEW YORK TRUST COMPANY—Results for 1978 already known. Investments valued at £40.88m (£42.54m). Net current assets £0.55m (£1.47m liabilities). Total increase in liquidity £2.93m (£1.06m decrease). Meeting, Fenchurch Street, EC, April 10, 3.45 pm.

W. TYZACK SONS AND TURNER (agricultural machinery parts, etc.)—For six months to January 31, 1979, sales £2,127,758 (£2,070,905). Pre-tax profit £57,570 (£81,061). Tax £14,652 (£22,152). Net interim dividend 1.250p (same).

FIRST SCOTTISH AMERICAN TRUST COMPANY—Results for year to February 1, 1979, already known. UK listed investments £24.51m (£22.76m) and overseas £20.65m (£16.06m), at market valuation, unlisted and term loan at directors valuation £507,180 (£462,680). Net current assets £1.02m (£0.2m). Liquidity up £904,000 (down £172,000). Board hopes to continue regular increases in dividend. Meeting, Dundee, April 10 at noon.

BROADSTONE INVESTMENT TRUST—Results for 1978 already known. Investments totalled £30.73m (£28.68m). Unrealised appreciation £11.28m (£11.15m). Net current liabilities £155,711 (£180,463) assets). Meeting, 120, Cheapside, EC, April 9 at 2.30 pm.

MONTAGU BOSTON INVESTMENT TRUST—Net profit £129,119 (£108,827) for year to January 31, 1979 after all charges including tax of £139,876 (£128,079). Dividend 0.875p (same) net per 10p share. NAV 59½p (54½p).

GREENFIELDS LEISURE (leisurewear, camping equipment)—Results for year to October 31, 1978, reported March 7 with prospects. Group fixed assets £3.2m (£2.62m), current assets £4.1m (£3.64m), current liabilities £2.51m (£2.06m). *Capital expenditure* authorised but not contracted £904,000 (£446,000). Working capital increased £161,000 (£1.2m). Meeting, Churchill Hotel, W, April 10 at noon.

OLIVES PAPER MILL COMPANY (paper maker) — Results for 1978 reported February 23. Fixed assets £862,716 (£550,738), net current assets £1.05m (£855,154). *Net liquid funds* £101,580 decrease (£238,679 increase). Meeting, Charing Cross Hotel, WC, April 9 at noon.

HARRISONS MALAYSIAN ESTATES—Interim dividend 1.5p (1.25p) net per 10p share for year ending March 31, 1979, absorbing £2,504,290 (£2,032,592).

ANGLO-AMERICAN SECURITIES CORPORATION (investment trust)—Results for year ended January 15, 1979, already reported, with asset value. Hoped at least to maintain 3.3p net dividend in current year. Split of investments shows—in per cent: UK 57.9 (61.4); U.S. and Canada 29.9 (29.1); elsewhere 12.2 (9.5). Meeting, 3, Queen Victoria Street, EC, April 11 at 2.45 pm.

LONDON CITY AND WESTCLIFFE PROPERTIES (controlled by Lonrho)—Pre-tax profit for year to September 30, 1978 £3,026,329 (loss £406,895). Tax £945,514 (£1,118,183).

W. TYZACK SONS AND TURNER (agricultural, light engineering, etc.)—The company's present order book is at an encouraging level to give it good general cover for most of its products. Subject to no further major national disturbances, the remainder of 1978-79 should produce a more acceptable return.

EQUITY INCOME TRUST—Net profit for six months to February 28, 1979, £228,028 (£202,021) after tax of £120,499 (£112,089). Interim 4.02p (3.96p) net per 50p share. Board anticipates being able to recommend a total dividend for year of not less than 18p gross (17p).

A. A. JONES AND SHIPMAN—The company has received formal consent from the Treasury for the proposed 4.55p (3.725p) final dividend for 1978.

ROTAFLEX (GREAT BRITAIN) (electric light fittings and systems)—Results for 1978, with prospects, reported February 27. Group fixed assets £3.27m (£1.9m), net current assets £3.3m (£2.81m), working capital increased £436,900 (£446,400). Hyde-based profit £942,100 (£1.23m) after cost of sales £403,500 (£413,300), depreciation £93,000 (£109,000) and gearing adjustment £200,000 (£220,400). Proposed to change name to Concord Rotaflex. Meeting, 241 City Road, EC, on April 11 at 10 am.

T A C E (electric, electronic and mechanical controls)—Results for year to September 30, 1978, already reported with prospects for current year. Fixed assets £3.17m (£3.04m). Net current assets £2.2m (£2.7m). Accounts also show £26,000 compensation to former executives for loss of office, including £11,500 to former director. Meeting, Essex Hall, WC, April 10 at 3 pm.

DEREK CROUCH (civil engineering, building construction) — Results for 1978 reported March 9. Group fixed assets £19.83m (£7.96m), current assets £12.53m (£10.66m), liabilities £9.97m (£7.66m). Auditors state that no depre*ciation is provided on freehold proper*ties included at cost or valuation at £473,000 for the company and at £994,000 for group, excluding investment properties. Meeting, Peterborough, April 5, at noon.

ELECTRIC AND GENERAL INVESTMENT COMPANY — Earnings nine months to February 28, 1979, £288,148 (£221,833) after tax £174,201 (£133,252). Earnings per share 1.58p (1.23p). Net asset value per share 113p (86.9p).

GENERAL FUNDS INVESTMENT TRUST—Results for year to January 15, 1979, reported February 9. Investments £21.59m (£17.43m). Net current assets £1.68m (£0.63m). Liquidity increased £104m (£7,000 decrease). Meeting, King William Street, EC, April 12 at 12.30 pm.

## ASSOCIATE DEALS

A. J. Bekhor and Co. sold 75,000 Hampton Trust shares at 17½p on behalf of Angloped Investments.

Capel-Cure Myers joint brokers to Wilmot Breeden bought 15,000 Wilmot Breeden at 93½p on behalf of discretionary investment clients.

ORTH AMERICAN NEWS

# Call to ease curbs on foreign banks in Canada

BY VICTOR MACKIE IN OTTAWA

REIGN BANKS should be en more room to operate in ada than is proposed under visions to The Bank Act, the mmons Finance Committee ommended yesterday.

ill C-15, now before the adian Parliament, proposes foreign banks be allowed five branches across ada. However, the Commons ance Committee, after study- the Bill, recommends there ld be no limit.

he Committee also said that ign banks should be allowed perate either as branches or ign-owned subsidiaries — h ever suits them.

he Committee contended the overall ceiling on the ign banking sector should limited to 10 per cent of Canadian dollar assets by all banks in Canada, er than the Government's of 15 per cent of total com- ial lending.

is would mean that the gn banks would be per- ed Canadian dollar assets bout C$11bn at this time, rather than the approximately C$8bn that the proposed Government ceiling would allow.

The Committee said its approach is based on a desire to bring about more competition in banking in Canada, while not at the same time preventing foreign-owned banking subsidiaries from expanding foreign business from their Canadian base. No limit is proposed for foreign currency business done from Canada by the foreign banks.

In the meantime, the Government has introduced legislation into the Commons to extend, temporarily, the life of the present Bank Act beyond its March 31 expiry date. This move is in anticipation of an election being called. One must be called by the summer.

Mr. Robert Kaplan, the chairman of the Finance Committee, said that there is no hope of passing the proposed new legislation, introduced by the Government over a year ago, before an election is called.

The Committee, however, in producing its report, wants to ensure that the new act will tighten up on no-bank activities and "suitcase" banking on the part of foreign banks, so that they operate directly as banks in Canada. The Committee also wants the foreign banks' licences *renewable every three* or five years, so that their operations will be subject to review.

Foreign banks, at present, are prohibited from operating as banks in Canada, but several have set up non-bank subsidiaries. They carry on corporate lending and leasing in competition with Canadian financial institutions.

The New Democratic Party has introduced a minority report on the act. It said that those "tame tabbies," the chartered banks, must be used to prevent sales of Canadian industry to foreigners.

The NDP said that chartered banks can and must be made into instruments of public policy. They also must be key instruments of government industrial strategy.

# Date set for oil sands hearing

BY STEWART FLEMING IN NEW YORK

MOVE which augurs well he development of oil sands sits in Alberta, Canada, the rta Resources Energy Con- tion Board has set June 19 ublic hearings into a $5bn ect to extract oil from the tar sands reserves in the nce.

e project, being developed the Alsands consortium r the leadership of Shell da, aims at establishing a which will produce around 00 barrels of oil a day for ears, or a total of 1.2bn ls of oil over the life of project.

e Alsands consortium put s application for approval he project in December. Canada says that the speed which it is being processed ests an enthusiasm for the osal which the company omes.

The public hearings are part of the regulatory process. After the hearings the Conservation Board will make recommendations to the provincial government, which ultimately must decide on the scheme.

The regulatory process is only one of the hurdles that must be overcome, however.

Discussions are already under way about the fiscal arrangement, including the tax and royalty status of the development.

The Alsands proposal is on a scale similar to Syncrude, a plant in the oil sands which went on stream last year. Shareholders include the governments of Canada and Alberta, and Imperial Oil, an affiliate of Exxon. Syncrude, and an earlier, smaller, plant in the sands, Great Canadian Oil Sands, are guaranteed the world price of oil for their output in a country that has so far kept the domestic price of home-produced conventional oil below the world level. The Government in Ottawa has offered the same concession to others seeking their luck in the sands, but details will have to be negotiated in each case.

Partly because of the further rise in oil prices this year, there is growing interest in the development potential for the vast oil sands and heavy crude oil deposits in Alberta.

On June 4, the United Nations Institute for Training and Research (UNITAR) will open an eight-day conference in Edmonton, the Alberta capital, on the future supply of heavy crude and oil sands. Among its sponsors are the U.S. Energy Department, the Canadian Government, the Venezuelan Government and the Governments of California and Alberta.

# Pacific Lighting drops coal project

By Our New York Staff

PACIFIC Lighting Corporation has dropped its plans to build a $1.3bn coal gasification plant in New Mexico, because it has been unable to reach agreement on financial terms with the Navajo Indians who own the site.

The other partner in the project to produce some 250m cubic feet of gas a day out of the coal is Transwestern Pipeline, a subsidiary of Texas Eastern Corporation.

The companies were also unable to get Federal Government guarantees of financing for the project, considered necessary given that gasification is still relatively undeveloped in this country.

The Navajo Tribal Council last year, apparently on the advice of the Bureau of Indian Affairs, an agency of the Interior Department in Washington, rejected an offer of $1.4m a year for the lease of some 4,000 acres, as too low. The companies later offered the Navajos a one-third equity stake in the plant, or a share of its profits. But these offers were also turned down.

Pacific Lighting commented that the abandoning of the New Mexico plant would not create any immediate shortages of supply for it.

# TVA sets up uranium unit

KNOXVILLE — The Tennessee Valley Authority is turning over its $400m in uranium holdings to the Wall Street investment firm of Goldman Sachs to be leased when needed to fuel the Government utility's nuclear plants.

The lease-back mechanism has been approved by TVA's two directors, who said it will save $38m in interest payments next year, though the amount eventually will be paid by future consumers.

Under the new arrangement Goldman Sachs will set up and manage a paper corporation called the TVA Fuel Company which will assume ownership of TVA's uranium. Using the fuel as collateral, Goldman Sachs will sell short-term commercial paper to finance TVA's cost of purchasing, exploring and processing its uranium.

When the utility actually needs the fuel it will buy it back or lease it from TVA Fuel at a rate which covers the principal and the interest accrued over the years, officials said.

AP-DJ

# Top changes at Bell Canada

By Robert Gibbens in Montreal

BELL CANADA, the telecommunications group in eastern Canada, is making management changes and the young group of senior executives is moving up the ladder.

*Mr.* Orland Tropea, formerly executive vice-president, administration, becomes executive vice-president, corporate office, responsible for accounting, finance, treasury, systems, law and corporate affairs. The second major move is the appointment of Mr. J. V. R. Cyr, *formerly* executive vice-president for the Quebec region, as executive vice-president, administration, responsible for corporate performance, regulatory matters, personnel, public and environmental affairs.

The company expects 1979 capital spending will top *C$1m, up 9 per cent from* 1978.

# Northern Telecom plans

By Our Montreal Correspondent

NORTHERN TELECOM, Canada's largest telecommunications equipment producer, plans to spend C$135m (U.S.$114m) on research and development in 1979, up 38 per cent from 1978.

The company said this is the highest rate of spending on R and D per sales dollar in its history. But this will have to be maintained for the foreseeable future to keep the company in the foreground of technology. Northern Telecom have major operations in the U.S. and several other countries besides Canada.

# Tyco sues over share deals

NEW YORK—Tyco Laboratories has filed suit against Eaton Corporation and Lehman Brothers Kuhn Loeb Inc. claiming $6.3m in damages for alleged manipulative practices involving Tyco's attempted takeover of another company.

Tyco claims that Eaton and its investment bankers, Lehman Brothers, violated Securities and Exchange Commission rules by "omitting material facts and making untrue and misleading statements" to Tyco when it sold 2.1m Cutler-Hammer shares to Eaton at $55 a share last year.

Reuter

# Borg-Warner merger with Firestone Tire hits snags

BY DAVID BUCHAN IN NEW YORK

MR. JAMES BERE, chairman of Borg-Warner, has resigned from the Board of Firestone, amid indications that the merger between the two companies has run into snags unforeseen when it was arranged last November. Borg-Warner, the car and truck component maker, and Firestone, the big tyre company, also announced that their merger proposals would be considered by both Boards next month and, if they approve, then by separate shareholders' meetings in July. The shareholders' meetings were originally due to have been in April.

Mr. Bere, who is also Borg-Warner's chief executive, said he had resigned from the Firestone Board because he found it impossible to separate himself from the Board's consideration of the merger, and his other duties as a Firestone director.

Difficulties have in part arisen over the proposed exchange of *securities which valued* Firestone at $870m. This estimate has been attacked recently by some of the tyre company's shareholders as too low.

Firestone also announced that it is recalling about 117,000 steel belted radial "500" tyres, made in Sweden before May 1, 1976, for use in the U.S.

The recall is voluntary and results from negotiations with the National Highway Traffic Safety Administration.

The Swedish-produced 500's were made to different tyre manufacturing specifications and differed in construction from previously recalled 500's made in the U.S. and Canada, Firestone said.

The tyres were primarily used as original equipment on Volvo automobiles imported into the U.S. in 1975 and 1976.

Meanwhile, another of the big four U.S. tyre makers, B. F. Goodrich, announced yesterday an organisational restructuring, which redeploys the company's activities into three groups—tyres, chemicals and engineering products—instead of the previous six operating divisions.

The new groups will operate on a world-wide basis, controlling operations both in and outside North America.

# Kodak renews camera challenge

BY OUR NEW YORK STAFF

EASTMAN KODAK has announced the launching of two new instant cameras and a faster-developing film this summer, in a renewed bid to challenge the dominant position of Polaroid in this market.

Kodak executives say the new cameras, which will both have list prices of under $50, should strengthen the company's presence in the fast-growing instant photography sector.

The new Kodak film, which develops in about four minutes, is comparable to the instant *film introduced by Polaroid last* year, and is about twice as fast-developing as the film that Kodak currently has on the market.

Reuter adds: Kodak's camera sales this year should equal or better 1978 levels, said Mr. b. Phillip Samper, vice-president and general manager of the marketing division, in New yesterday.

Although Kodak will not say *how many cameras it sold last* year, the company last month said its 1978 consumer product sales, including instant cameras, still cameras and film, had advanced.

Mr. Samper said Kodak instant camera sales are expected to continue their rapid growth rate.

Since their introduction in 1976, about 10m Kodak instant cameras had been sold worldwide as of year-end 1978, 1m in 1976, 3m in 1977 and 6m in 1978.

Kodak was able to meet its sales goals for January and February and dealer inventories are at reasonable levels.

Those two months are traditionally the slowest camera sales period for Kodak, accounting for only 10 per cent of the volume for the whole year.

Instant camera sales are expected to continue their pace until they reach a saturation level similar to that of conventional still cameras.

Mr. Samper would not say when that saturation point *would be reached, but said sales* would then level off to a rate comparable to those of its conventional cameras. Domestic sales of Kodak's traditional cameras rose 40 per cent in 1978.

RESULTS IN BRIEF

# Final quarter turnround for Mattel

NEW YORK — Mattel, the toymaker and skateboard manufacturer, turned a net loss of $1.5m into a net profit of $1.2m *in the final quarter, with the* figure excluding a tax credit of $1.3m this time again a tax charge of $600,000 last time. Sales of $19.9m compared with $15m last time.

For the full year, net profits of $24m or $1.23 a share compared with $21.8m or $1.19 previously. Sales increased from $436.6m to $493.9m. The profit total excludes a $6.1m tax credit this time, and a $7.7m credit previously.

National Semiconductor Corporation pushed earnings ahead in the third quarter from $5.2m to $7.8m or from 40 cents to 59 *cent a share, on sales of $165.3m* against $111m.

The nine month profit total of $24.6m or $1.86 compared with $16.2m or $1.24 a share, and the sales total of $518.3m with $360.8m.

Mobile home manufacturer Skyline Corporation reported a fall in earnings in the third quarter from $2.2m to $1m, or from 20 cents a share to 9 cents. Sales edged forward from $76.2m to $79.7m.

For the nine months to date, net earnings have slipped from $10.3m to $9.5m, or from 92 cents to 85 cents a share on *sales of $304.9m against* $266.5m.

First quarter net profits at New England Telephone increased from $51.2m or 97 cents to $56m or $1.05 a share, on sales of $521.7m against $481.1m.

The Pacific Telephone Company reports quarterly profits of $80.1m or 42 cents a share on turnover of $1.1bn compared with $77.4m net or 42 cents on revenues of $1.05bn.

Agencies

EUROBONDS

# Steady gains in dollar sector

By Francis Ghilès

ALL MAJOR sectors of the international bond markets were firmer yesterday with some dealers reporting good turnover in the dollar sector.

Prices of dollar bonds moved up by ⅛ to ¼ of a point, helped by the god performance of the dollar on foreign exchange markets and the easing of six-month Libor interest rates to 10⅞ per cent.

In the floating rate notes (FRN) sector, where prices otherwise were firm, the $25m issue for United Overseas Bank got off to a disappointing start. The lead manager was quoting the issue at 98-98½ at the close; elsewhere it was quoted at 97¾-98¼. These prices represented a half-point gain on the day.

This weak performance is in contrast to the strong start in the secondary market of the recent FRN for Citicorp. The two issues have a common feature: the interest rate is readjusted every three months rather than six, which has been the norm in the FRN sector until recently.

This feature makes such FRNs more of a money market instrument and thus mostly attractive to the banks rather than institutional investors. Thus the name of the borrower has an impact on investors it might not otherwise have: many U.S. banks were eager purchasers of the Citicorp issue, which is currently trading at 99½-99¾, given that they could consider such purchases as forming part of their credit *lines with Citicorp. United Over-*seas Bank does not hold such an attraction, nor is the name so widely known.

In the Deutsche-Mark sector, prices remained firm in quiet trading. The issue which was expected from Westdeutsche Landesbank yesterday has been put off, probably until the end of the week.

In the sterling sector, the £50m issue for General Electric Company was priced at par by the lead manager, S. G. Warburg. Prices in the sterling secondary sector moved up by about ¼ of a point on the day.

## Gerber in talks

Gerber Products and C. W. Transport Incorporated have had preliminary discussions to explore the possibility of a combination of the two companies, Reuter reports from Fremont. Gerber said the discussions have been exploratory only and no conclusions have been reached. It added that the companies plan to proceed with further discussions.

# FT INTERNATIONAL BOND SERVICE

he list shows the 200 latest international bond issues for which an adequate secondary market . For further details of these or other bonds see the complete list of Eurobond prices published e second Monday of each month. Closing prices on March 21

| OLLAR GHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Int. F. XW 7¾ 99 | 200 | 83¾ | 84¼ | +0⅛ | +0¼ | 9.88 |
| 9¾ 84-99 | 50 | 95⅞ | 96⅜ | +0⅛ | 0 | 9.80 |
| 9 83 | 400 | 95 | 95½ | 0 | +0¼ | 9.70 |
| 9¾ 98 | 350 | 96¼ | 96¾ | +0⅛ | +0¼ | 9.88 |
| ir 8½ 83 | 70 | 95½ | 95¾ | 0 | +0⅛ | 9.87 |
| on Bridge 9 86 | 25 | 93¾ | 94¼ | +0⅛ | +0⅛ | 10.20 |
| hem. O/S 9⅝ 94 | 200 | 97⅛ | 97⅝ | +0⅛ | +0⅛ | 9.97 |
| 86 | [illegible] | 94 | 94½ | 0 | −0⅛ | 10.03 |
| 88 | 150 | 99⅝ | 100⅛ | +0⅛ | +0¼ | 9.88 |
| 89 | 100 | 100 | 100½ | +0⅛ | +0¼ | 10.09 |
| Dv. Cpn. 9 85 84 | 150 | 100½ | 101 | 0 | +0¼ | 9.88 |
| Dv. Cpn. 9¾ 84 | 100 | 97⅛ | 97⅞ | 0 | 0 | 9.87 |
| finans 9 88 | 50 | 95⅞ | 96⅜ | 0 | +0⅛ | 9.73 |
| 9 88 | 100 | 94½ | 95 | −0⅛ | −0½ | 10.11 |
| 9½ 86 | 100 | 97¼ | 97¾ | 0 | 0 | 10.01 |
| 9½ 84 | 50 | 97⅞ | 98⅜ | 0 | 0 | 9.99 |
| Int. Fin. 9¾ 86 | 50 | 99½ | 100 | −0⅛ | +0⅛ | 9.80 |
| l O/S 9 83 | 25 | 96⅞ | 97⅜ | 0 | 0 | 9.79 |
| Bay Co. 10 84 | 50 | 100⅜ | 100⅞ | +0⅛ | +0⅛ | 9.91 |
| ance 9⅛ 90 | 30 | 94⅜ | 94⅞ | −0⅛ | 0 | 10.56 |
| enney 8½ 83 | 100 | 96 | 96½ | +0⅛ | +0⅛ | 9.57 |
| ba 9½ 89 | 75 | 96¾ | 97¼ | 0 | −0⅛ | 9.99 |
| ast. 9 86 | 75 | 96⅜ | 96⅞ | 0 | 0 | 9.65 |
| runswick 9¾ 84 | 75 | 97¾ | 98¼ | +0⅛ | 0 | 10.03 |
| mdland 10 84 | 50 | 98⅜ | 98⅞ | 0 | −0⅛ | 10.18 |
| Hydro 9¾ 84 | 50 | 98 | 98½ | +0⅛ | +0⅛ | 9.88 |
| 8¾ 83 | 150 | 97 | 97½ | 0 | +0⅛ | 9.77 |
| 9¾ 84 | 150 | 100¼ | 100¾ | −0⅛ | 0 | 9.84 |
| d 10 84 | 50 | 97¼ | 97¾ | 0 | +0¼ | 10.70 |
| Hydro 9½ 93 | 50 | 96½ | 97 | +0⅛ | 0 | 9.92 |
| d Fin XW 9¾ 91 | 75 | 92⅛ | 92⅝ | +0⅛ | +0⅞ | 10.65 |
| Roebuck 9 82 | 150 | 98⅜ | 98⅞ | +0⅛ | +0½ | 9.55 |
| olm 9¾ 84 | [illegible] | 99⅛ | 99⅝ | 0 | +0⅛ | 10.07 |
| 85 | 200 | 95¼ | 95¾ | −0⅛ | −0⅛ | 9.71 |
| 93 | 150 | 98 | 98½ | +0⅛ | +0⅛ | 9.72 |

| CHE MARK GHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| an Ex. Int. 5½ 87 | 70 | 95⅞ | 96⅜ | −0⅛ | −0⅛ | 6.13 |
| ina 5½ 88 | 150 | 93¾ | 94¼ | 0 | −0⅛ | 7.35 |
| lia 6 88 | 250 | 99¼ | 99¾ | 0 | −0¼ | 6.08 |
| 5¾ 90 | 150 | 92⅞ | 93⅜ | 0 | +0⅛ | 6.61 |
| Desarrollo 7¾ 86 | 100 | 98⅛ | 98⅝ | +0¼ | +0¼ | 7.58 |
| merica 5¾ 90 | 150 | 97⅞ | 98⅜ | +0⅛ | +0¼ | 5.97 |
| t. Algerie 7¾ 85 | 100 | 97⅛ | 97⅝ | +0⅛ | +0⅛ | 7.73 |
| 7½ 87 | 150 | 100 | 100½ | −0⅛ | 0 | 7.20 |
| 6 88 | 150 | 97 | 97½ | 0 | +0¼ | 6.39 |
| anhttn. O/S 6 83 | 100 | 98⅞ | 99⅜ | −0⅛ | −0⅛ | 6.09 |
| erzbank XW 3½ | 700 | 81½ | 82½ | −0⅛ | +0¼ | 6.13 |
| hagen City 6 90 | 75 | 92½ | 92⅞ | 0 | +0⅛ | 6.97 |
| il of Europe 5⅞ | 130 | 97 | 97½ | +0⅛ | +0⅛ | 5.84 |
| rk 5¾ 85 | 100 | 96½ | 97 | −0⅛ | +0⅛ | 6.43 |
| rk 6½ 89 | 100 | 97¼ | 97¾ | 0 | +0½ | 6.87 |
| 90 | 300 | 93⅜ | 93⅞ | 0 | −0⅛ | 6.81 |
| 91 | 200 | 96¾ | 97¼ | 0 | 0 | 6.88 |
| ras-Brazil 7 87 | 100 | 97¼ | 97¾ | 0 | 0 | 7.47 |
| a 6½ 89 | 100 | 100¼ | 100¾ | −0⅛ | +0⅛ | 6.43 |
| d 6 83 | 150 | 99 | 99½ | 0 | −0⅛ | 6.15 |
| Ship. 5¾ 83 | 50 | 98½ | 99 | −0⅛ | 0 | 6.05 |
| sia 7 84 | 100 | 98⅜ | 98⅞ | 0 | +0⅛ | 7.33 |
| City of 5¾ 86 | 100 | 98⅜ | 98⅞ | +0⅛ | +0⅛ | 5.92 |
| Fin. 7 89 | 150 | 98½ | 98⅞ | +0⅛ | +0⅛ | 7.20 |
| ishi Petro. 5¾ 85 | 100 | 98 | 98½ | −0⅛ | 0 | 6.08 |
| Zealand 6¼ 87 | 200 | 99⅜ | 99⅞ | 0 | 0 | 6.29 |
| Koken 7½ 84 | 100 | 99¼ | 99½ | 0 | −0⅛ | 7.65 |
| Steel 5¾ 85 | 100 | 97¾ | 98¼ | −0½ | −0⅛ | 6.13 |
| Tel. & T. 5½ 87 | 100 | 95¾ | 96¼ | −0⅛ | 0 | 6.17 |
| Inv. Bk. 6¼ 86 | 60 | 97⅞ | 98⅜ | 0 | 0 | 6.60 |
| Komm. 6 90 | 100 | 95¼ | 95¾ | −0⅛ | −0⅛ | 6.59 |
| Komm. 6¼ 89 | 150 | 97⅛ | 98⅛ | −0⅛ | 0 | 6.55 |
| ental 6¾ 90 | 150 | 96¾ | 97¼ | +0⅛ | +0⅛ | 7.13 |
| 5½ 88 | 100 | 99½ | 100 | 0 | −0⅛ | 6.51 |
| 87 | 40 | 97½ | 98 | 0 | 0 | 6.37 |
| o Brazil 7 88 | 100 | 97½ | 98 | 0 | −0⅛ | 7.33 |
| 5¾ 83 | 30 | 97⅛ | 97⅝ | −0¼ | 0 | 5.94 |
| 6 88 | 150 | 96⅛ | 96⅝ | +0⅛ | −0⅛ | 6.52 |
| 6½ 89 | 150 | 97⅞ | 98⅜ | 0 | +0¼ | 6.78 |
| Group 5¾ 83 | 65 | 96⅞ | 97¼ | 0 | +0¼ | 6.54 |
| Bank-Finn 6½ 88 | 50 | 95 | 95½ | 0 | 0 | 7.19 |
| uela 6½ 90 | 150 | 92¼ | 92¾ | −0⅛ | −0⅛ | 7.48 |
| Bank 5¾ 88 | 400 | 97¼ | 97¾ | 0 | 0 | 6.60 |

| S FRANC GHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| 5¼ 88 | 40 | 102½ | 103 | 0 | −0¼ | 4.86 |
| Exp. Int. 3½ 93 | 40 | 97½ | 97¾ | −0¼ | −0¼ | 3.71 |
| Dev. Bank 3½ 94 | 100 | 90½ | 90¾ | −0⅛ | −0½ | 4.37 |
| a 3½ 93 | 100 | †95¾ | 96½ | −0½ | +1¼ | 3.92 |
| 4¼ | 100 | 100 | 100¼ | 0 | +0½ | 4.23 |
| Manhattan 4 93 | 70 | 100½ | 100¾ | −0½ | +0⅛ | 3.94 |
| il of Europe 4¼ | 100 | 100½ | 100¾ | 0 | +0¼ | 4.18 |
| merica 3¾ 93 | 80 | †98¾ | 99 | 0 | +0⅛ | 3.85 |
| 5 88 | 75 | †101¼ | 101½ | −0½ | −0⅛ | 4.81 |
| rk 4½ 90 | 100 | †96¾ | 97 | −0¼ | −0¾ | 4.88 |
| 93 | 100 | 100 | 100¼ | −0⅛ | −0⅛ | 4.24 |
| m 4¼ 93 | 80 | 100¼ | 100½ | +0½ | +1 | 4.21 |
| Smidth 4½ 89 | 25 | 100½ | 101 | −0⅛ | −2 | 4.41 |
| d 4½ 93 | 80 | 100½ | 101 | −0⅛ | −0⅛ | 4.43 |
| 4½ 93 | 100 | †102 | 102½ | −0⅛ | −0⅛ | 4.29 |
| 4¼ 89 | 35 | †98½ | 98¾ | −0⅛ | −0¼ | 4.42 |
| n. NV 3½ 94 | 230 | †94¼ | 94½ | −0⅛ | 0 | 4.01 |
| sia 4¾ 90 | 80 | †98 | 98¼ | −0⅛ | −0½ | 4.96 |
| Zealand 3½ 94 | 120 | †94¼ | 94½ | −0¼ | +0⅛ | 4.01 |
| s Komm. 4¼ 90 | 100 | 101⅛ | 101⅜ | −0¼ | −0¼ | 4.09 |
| kia 5 90 | 20 | †102½ | 103 | +0⅛ | −0⅞ | 4.66 |
| pines 4¾ 89 | 50 | 97¾ | 98 | −0¾ | −1 | 5.03 |
| ik 4 90 | 85 | 97⅛ | 97⅜ | −0¼ | −0⅛ | 4.27 |
| 4 91 | 100 | †97½ | 97¾ | −0¼ | −1 | 4.28 |
| -Alpine 4½ 93 | 100 | 101⅝ | 102 | 0 | −0⅛ | 4.32 |
| a 4 93 | 100 | 99⅝ | 99⅞ | −0½ | −0⅛ | 4.02 |
| Bank 4¼ 93 | 250 | †100 | 100¼ | 0 | −0½ | 4.24 |

| STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Dev. Bank 5¾ 88 | 15 | 87⅞ | 88⅜ | +0¼ | +0¼ | 7.55 |
| alia 5.6 83 | 30 | 95¾ | 96¼ | −0⅛ | −0⅛ | 6.64 |
| alia 6½ 88 | 20 | 93 | 94 | 0 | −0⅛ | 7.59 |
| id 5.6 83 | 10 | 94⅞ | 95⅞ | 0 | −0¼ | 6.86 |
| id 6.8 88 | 10 | 93⅛ | 94⅛ | 0 | −0⅛ | 7.85 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Nordic I. Bk. 9 84 SDR | 20 | 99⅛ | 99⅞ | 0 | +0¼ | 9.13 |
| Auto Cote B. 7 93 EUA | 15 | 91½ | 92¼ | 0 | −0¼ | 7.93 |
| Komm. Inst. 7½ 93 EUA | 15 | 97½ | 98¼ | 0 | 0 | 7.71 |
| Panama 8½ 93 EUA | 20 | 94¼ | 95 | 0 | −0⅛ | 8.82 |
| SDR France 7 93 EUA | 22 | 94½ | 95¼ | +0¼ | 0 | 7.56 |
| Algemene Bk. 6¾ 83 Fl | 75 | 96⅛ | 96⅞ | +0⅛ | +0⅛ | 7.64 |
| CFE Mexico 7½ 83 Fl | 75 | 98⅛ | 98⅞ | 0 | 0 | 8.15 |
| EIB 7¾ 85 Fl | 75 | 94⅛ | 95¼ | 0 | 0 | 8.26 |
| New Zealand 6¾ 84 Fl | 75 | 94⅛ | 95⅛ | 0 | +0¼ | 7.93 |
| Norway 8¼ 84 Fl | 100 | 100⅞ | 101⅛ | +0⅛ | +0⅛ | 7.97 |
| Elf Aquitaine 9¾ 88 FFr | 150 | 98⅞ | 99⅜ | 0 | +0⅛ | 9.88 |
| EIB 9¾ 88 FFr | 200 | 99 | 99¾ | 0 | 0 | 9.86 |
| Norway 9¼ 84 FFr | 200 | 99⅜ | 100⅜ | 0 | +0⅛ | 9.31 |
| PSA Peugeot 9¾ 87 FFr | 175 | 99⅜ | 99⅞ | 0 | +0⅛ | 9.61 |
| Total Oil 9¾ 87 FFr | 150 | 97⅞ | 98⅜ | 0 | −0⅛ | 9.70 |
| Unilever 10 85 FFr | 100 | 101⅛ | 101⅞ | 0 | 0 | [illegible] |
| CECA 9¾ 89 £ | 20 | 97⅛ | 98¼ | +0⅛ | +0¼ | 11.73 |
| Citicorp 10 93 £ | 20 | 87½ | 88¼ | +0⅛ | +0⅛ | 11.81 |
| EIB 9¾ 88 £ | 25 | 90¼ | 91⅛ | +0⅛ | +0⅛ | 11.46 |
| Finance for Ind. 13 91 £ | 15 | 101 | 101½ | −0⅛ | −0⅛ | 12.78 |
| Fisons 10½ 87 £ | 10 | 91 | 92 | +0⅛ | +0⅛ | 11.84 |
| BAT 8 88 LuxFr | 250 | 97¼ | 98¼ | 0 | +0⅛ | 8.35 |
| Bayer Lux. 8 86 LuxFr | 250 | 97¾ | 98¾ | −0⅛ | +0⅛ | 8.31 |
| EIB 7¾ 88 LuxFr | 250 | 96⅞ | 97⅞ | 0 | +0⅛ | 8.15 |
| Finland I. F. 8 88 LuxFr | 250 | 97¼ | 98⅛ | 0 | +0⅞ | 8.37 |
| Norway 7¾ 83 LuxFr | 250 | 97¾ | 98⅜ | 0 | 0 | 8.33 |
| Norges Km. 8 88 LuxFr | 500 | 99¼ | 100¼ | +0⅛ | +0¼ | 8.03 |
| Renault 7¾ 88 LuxFr | 500 | 96⅞ | 97⅞ | −0⅛ | +0⅛ | [illegible] |
| Solvay Fin. 8 85 LuxFr | 500 | 100 | 101 | 0 | 0 | 7.80 |
| Swedish Bk. 8 88 LuxFr | 500 | 99¼ | 100¼ | 0 | +0⅛ | 8.03 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Arab Intl. Bank M5.5 88 | 0¼ | 96⅛ | 96⅝ | 31/7 | 11.44 | 11.87 |
| BFG Fin. Co. M5.5 89 | 0¼ | 98⅛ | 98⅞ | 12/7 | [illegible] | 12.57 |
| Bco. El Salvador M8 83 | 1¼ | 97¼ | 97⅞ | 12/4 | 11.31 | 11.59 |
| Bco. Nac. Argnt. M8 83 | 0¾ | 99⅝ | 100⅛ | 21/7 | 12⅛ | 12.27 |
| Banco Urquijo 8 86 | 0¼ | 97⅜ | 98¼ | 21/9 | 11½ | 11.73 |
| Bank of Tokyo M5½ 83 | 0¼ | 97¼ | 97⅞ | 18/4 | 10½ | 10.76 |
| Banque Worms M5¾ 85 | 0¼ | 98⅛ | 98⅝ | 15/6 | 12 | 12.20 |
| Bq. E. d'Alg. M8.375 84 | 0¾ | 96¼ | 97¼ | 9/8 | 11⅞ | 12.27 |
| Bq. Ext. d'Alg. M7.5 85 | 0¾ | 95⅜ | 95⅞ | 2/5 | 12¾ | 13.35 |
| Bq. Indo et Suez M5½ | 0¼ | 99¼ | 99¾ | 25/7 | 12 | 12.08 |
| Bq. I. Af. Occ. M6.5 83 | 0¼ | 97⅞ | 98¾ | 12/7 | 12.4 | 12.64 |
| BNP 5¼ 91 | 0¼ | 97⅝ | 98½ | 22/2 | 11⅛ | 11.62 |
| CCCE M5.25 98 | 0¼ | 97⅜ | 97⅞ | 3/8 | 11¼ | 11.65 |
| Ch. Man. O/S M5¼ 93 | 0¼ | 97½ | 98 | 27/7 | 11.73 | 11.99 |
| Citicorp O/S Fin. 6 94 | 0¼ | 99¼ | 99¾ | 8/6 | 11.06 | 11.12 |
| Credit National M5¼ 88 | 0¼ | 98½ | 98⅞ | 11/7 | 12.31 | 12.48 |
| Gotabanken M6 88 | 0¼ | 98¼ | 98¾ | 15/5 | 12.31 | 12.50 |
| Ind. Bk. Japan M5¼ 86 | 0¼ | 99¾ | 100½ | 1/6 | 12.35 | 12.33 |
| Ljubljanska M7.75 85 | 1 | 97¼ | 98 | 18/7 | 12.94 | 13.26 |
| LTCB Japan M5¼ 85 | 0¼ | 99¼ | 99⅞ | 9/5 | 12.06 | 12.11 |
| Midland Intl. M5¼ 93 | 0¼ | 98¾ | 99¼ | 20/7 | 12¼ | 12.37 |
| Nat. West. M5½ 90 | 0¼ | 99 | 99½ | 21/6 | 12½ | 12.59 |
| Nipp. Crdt. Bk. M5.5 85 | 0¼ | 99¾ | 100¼ | 22/6 | 12.81 | 12.81 |
| OKB M5¼ 88 | 0¼ | 99¾ | 100¼ | 18/4 | 10.56 | 10.56 |
| Offshore Mining 86 | 0¼ | 98⅞ | 99⅜ | 19/7 | 12.19 | 12.30 |
| Petro Mexicano 7¾ 84 | 0¾ | 98⅜ | 99¼ | 24/7 | 12.06 | 12.18 |
| Privredna Banka M8 86 | 0⅞ | 95⅜ | 96⅜ | 22/6 | 13.44 | 13.86 |
| Standard Chrt. M5.5 90 | 0¼ | 97¼ | 97¾ | 10/8 | 11.56 | 11.87 |
| Sundsvallsbkn. M6 85 | 0¼ | 97¼ | 97¾ | 4/4 | 10.06 | 10.32 |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Asics 5¾ 93 | 9/78 | 628 | 88⅞ | 89⅜ | +0½ | 4.96 |
| Baker Int. Fin. 5½ 93 | 1/79 | 34 | 111¼ | 112¼ | −0¼ | 2.00 |
| Boots 6¾ 93 | 2/79 | 2.16 | 103½ | 104½ | +0½ | −4.41 |
| Ciba-Geigy O/S F 4 94 | 9/79 | 675 | 94 | 94¾ | +0⅛ | −14.71 |
| Coca-Cola Bottling 6¾ | 4/79 | 9 | 85¼ | 86¼ | 0 | 10.25 |
| Honda Motor 5½ 89 | 5/79 | 532 | 91 | 91¾ | +0¾ | 4.67 |
| Ito-Yokado 5¾ 93 | 6/78 | 1339 | 114¼ | 115 | +0¾ | 0.12 |
| Novo Industri 7 89 | 4/79 | 259 | 90 | 91¾ | −0¼ | 13.35 |
| Texas Int. Air. 7½ 93 | 4/79 | 14.5 | 91¼ | 92¼ | −0¼ | 10.86 |
| Thorn Int. Fin. 7 88 | 11/78 | 3.67 | 111 | 111¾ | +0¾ | −2.84 |
| Tyco Int. Fin. 8¾ 88 | 9/78 | 21 | 100¼ | 101¾ | −0½ | 15.11 |
| Asahi Optical 3½ DM | 12/78 | 588 | 96½ | 97½ | −0⅛ | −0.23 |
| Casio Cp. 3½ 85 DM | 11/78 | 841 | 93½ | 94½ | +0¼ | 2.74 |
| Izumiya 3½ 86 DM | 10/78 | 989 | 91¼ | 92¼ | +0¾ | 15.81 |
| Jusco 3½ 86 DM | 1/79 | 1154 | 88½ | 89½ | 0 | 23.98 |
| Kansai Elec. 4 84 DM | 4/79 | 1350 | 92¾ | 93¾ | +0¼ | 12.20 |
| Konishiroku 3½ 85 DM | 1/79 | 612 | 92¾ | 93¾ | +0¼ | 11.02 |
| Marudai Food 3½ DM | 2/79 | 1033 | 89¾ | 90¾ | +0¼ | 29.41 |
| Murata M. 3½ 85 DM | 11/78 | 854 | 98½ | 99½ | 0 | −3.36 |
| Nipp. Air. 3.5 88 DM | 12/78 | 508 | 86⅞ | 87⅞ | −0⅛ | 1.53 |
| Nippon Shinpan 3¾ DM | 8/78 | 738 | 95½ | 96½ | −0⅛ | 0.71 |
| Nippon Ysn. 3½ 85 DM | 1/79 | 251 | 93½ | 94½ | +0¼ | 6.58 |
| Nissan Diesl. 3½ 86 DM | 2/79 | 477 | 89¾ | 90¾ | 0 | 10.10 |
| Olymp. Opt. 3½ 85 DM | 2/79 | 703 | 100⅛ | 101⅛ | −0½ | −2.47 |
| Ricoh 3½ 86 DM | 10/78 | 617 | 95¼ | 96¼ | +1¼ | 15.27 |
| Sanyo Electric 3½ DM | 11/78 | 296 | 90¾ | 91¾ | −0¼ | 0.10 |
| Sharp Co. 3½ 88 DM | 2/79 | 487 | 94⅞ | 95⅞ | +0½ | −1.86 |
| Stanley Elec. 3½ DM | 11/78 | 623 | 91¾ | 92¾ | +0¼ | 21.50 |
| Tokyo Elec. 3½ 87 DM | 4/79 | 476 | 92 | 93 | 0 | 4.14 |
| Tokyu Ld. Cn. 4 86 DM | 4/79 | 493 | 90¾ | 91¾ | +0¼ | 8.91 |
| Trio-Knwd. 3½ 88 DM | 11/78 | 711 | 86¾ | 87¾ | −0¼ | 31.19 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Companies and Markets

# INTNL. COMPANIES and FINANCE

## Earnings increase for Dutch bank

BY CHARLES BATCHELOR IN AMSTERDAM

PROFIT GROWTH at Nederlandse Credietbank (NCB) in 1978 surpassed the previous year despite a slowdown in the expansion of balance sheet volume. NCB, the fifth largest Dutch bank, proposed raising its dividend to Fl 4.50 per Fl 20 nominal share from Fl 4.20.

Net profit rose 24 per cent to Fl 21m ($10.5m) after a 16 per cent increase in 1977. The balance sheet total rose 16 per cent to Fl 9.28bn ($4.64bn) compared with 19 per cent the year before.

Gross profit was 23 per cent higher at Fl 56m ($28m), lending increased 26 per cent to Fl 5.77bn, and net profit per share was Fl 6.13 compared with Fl 5.34.

The increase in gross profit resulted from a rise of almost 16 per cent in net interest income and of 12 per cent in commission income. Costs rose by 11 per cent.

Interest income grew at a slower rate than the bank's basic business — balance sheet total excluding interbank business — and this appears to be a long-term trend, which is reinforced by the central bank's credit controls. These had a noticeable effect on the company in 1978, NCB said.

As a result of the credit curbs, which forced banks to increase long-term borrowing to fund lending, the interest margin fell 7-8 per cent in 1978

Lower margins led to a stagnation of Eurodeposit business, partly resulting from the decline of the dollar. Results, however, were satisfactory.

Although NCB, which carries out 25-30 per cent of its business abroad, has no plans to set up any foreign branches, it has opened a subsidiary for offshore business, called Nederlandse Credietbank Overseas, on St. Maarten in the Netherlands Antilles. NCB is affiliated with Chase Manhattan Bank, which also holds 31.5 per cent of its capital.

● Nederlandsche Middenstandsbank (NMB) continued to expand its foreign business in 1978, it said in its annual report. The volume of foreign credits granted by its offices in Amsterdam, Switzerland and Curacao increased substantially, while it raised its share in export financing.

It also participated in a growing number of syndicated loans, although falling interest margins restrained even stronger growth.

NMB, the fourth largest bank in Holland, has traditionally been a primarily domestic-oriented bank serving small- to medium-sized business. It earlier reported a 28 per cent increase in net profit to Fl 125.8m ($62.9m) on 22 per cent higher balance-sheet total of Fl 33.1bn ($16.5bn).

With little change in the bank's average interest margin in 1978, the 17 per cent rise in interest profits of Fl 86.9m was largely due to the greater business volume. Commission income rose 21 per cent, or Fl 66.6m.

Despite the higher demand for investment funds from NMB's customers during 1978, perspectives for important parts of the small and medium-sized business sectors remain a source of concern, it said.

## Hoechst recovers in second half

BY JEFFREY BROWN

HIGHER profits for 1978 were announced yesterday by Hoechst AG, the parent company for the major West German chemicals group.

The performance—growth of 3 per cent to DM 711m ($382m) at the pre-tax level, embodying an advance of no less than 29 per cent in the final quarter of the year—represents the first public declaration this year of the long awaited upturn in the chemical industry in Europe.

Sales last year eased slightly to DM 9.39bn ($5bn), but the final three months managed to grow by 3 per cent and Hoechst is confident that turnover in the opening quarter of 1979 will show an improvement. In terms of pre-tax profits, the company accounts for over 60 per cent of the group worldwide total.

Hoechst points that part of its success in recent months has been the result of labour cuts and improved usage of productive capacity. Last year, workforce was reduced by 2.1 per cent with more than half the reduction concentrated on the troublesome fibres sector. Productive capacity moved up by three points to 77 per cent.

Last year was difficult for the chemicals industry with excessive production capacities, downward pressure on prices and foreign exchange problems, the company explained. Production outside West Germany accounted for DM 8bn of total turnover, an increase of 6 per cent on 1977, with developments in European community countries, East Europe and Asia particularly satisfactory.

Hoechst's world-wide sales (on a provisional basis) improved to DM 24.15bn last year from DM 23.3bn. Sectors which contributed to the increase in group turnover were pharmaceuticals and pesticides. In the first three quarters "lower raw materials prices reduced costs, but this changed dramatically towards the end of the year, when energy also became more expensive."

The parent company's recovery progress over 1978 can be gauged by its quarterly profits performance. This emerged at pre-tax falls of 25 per cent and 9 per cent in the opening two quarters with advances of 34 per cent and 29 per cent in the two final three months of the year. On the same pattern sales were also lower in the first two quarters with growth of 1.1 per cent and 3 per cent achieved in the two latter periods.

Of provisional world-wide sales for 1978, the company reports that domestic turnover contributed DM 7.9bn, against DM 7.7bn, with foreign turnover providing DM 16.2bn compared to DM 15.6bn.

Hoechst is due to announce its dividend on April 19. In 1977, the group paid DM 6 a share, compared to DM 8, but domestic shareholders received an effective DM 9.38

## ENI unit to raise capital

ROME—Nuovo Pignone SpA, a subsidiary of ENI, the state oil group, said it is raising its capital to L70bn ($83.3m) from L40bn to help finance productive investments.

The company had turnover last year of L370bn, 84 per cent of which was abroad.

Nuovo Pignone said it plans to develop its activities in new sectors, alongside its traditional operations, including engineering technology for nuclear plants, off-shore oil and gas exploration.

## Steel problems hamper PUK's performance

BY DAVID WHITE IN PARIS

THE PROBLEMS of the French steel industry cut into last year's profit performance at Pechiney Ugine Kuhlmann (PUK), the metals and chemicals conglomerate.

The parent company announced lower net earnings of FFr 120m ($28m), after having to abandon FFr 400m worth of long-term credits granted to its special steels subsidiary Ugine Aciers.

Late last year the group warned that Ugine Aciers, its main trouble spot, would show a loss of over FFr 500m. The special steel sector was not included in the French Government's reorganisation plan for the steel industry last year, which brought the principal producers under control of the state and the state-owned banks.

The PUK profit figures compare with FFr 140m for 1977 and barely beats the relatively poor 1976 result of FFr 112m.

The Board proposed to pay the same dividend as for the previous three years—FFr 5 net per share, the company's statutory minimum.

Group net profits are reckoned at around FFr 200m, or about half the previous year's level of FFr 377m.

Group sales in 1978 were 6.3 per cent up on 1977's at FFr 27.6bn ($6.5bn), with turnover outside France accounting for roughly half.

Sales growth, particularly in aluminium, of which Pechiney ranks among the top world producers, was hit by the decline of the dollar.

● Cie Financiere Lesieur, holding company for the vegetable oil and food group, expects its 1978 consolidated accounts to show a net profit smaller than the FFr 102m achieved for 1977. The company said, however, that its consolidated operating profit is likely to be substantially above that of 1977.

The decline in net profit reflects the resumption of corporate tax payments by the group's main subsidiary and contributions to workers' profit-sharing schemes.

## MAN to make offer for printing press minority

AUGSBURG — Maschinenfabrik Augsburg-Nuernberg (MAN) is planning a bid worth some DM20m ($10.7m) to gain the 15 per cent it does not already own in Roland Offsetmaschinenfabrik Faber and Schleicher, MAN said.

MAN shareholders will be asked at a special meeting on May 10 to approve the bid of DM350 cash per Roland DM50 share. Roland shareholders who reject the offer are to be guaranteed an annual payment of DM16 for every Roland share they retain.

The planned bid forms part of a restructuring MAN is making of its domestic printing press activities.

Earlier this month, MAN said that the strengthening of its ties with Roland would enable an expansion of the companies' marketing activities and improve their competitiveness in the world printing press market.

Roland, capitalised at DM26m, recorded a turnover of around DM400m in the year to June 30, 1978; against DM352m in the previous year.

● Nordwestdeutsche Kraftwerke (NWK) is to pay an unchanged dividend of DM7 per share for the business year ended September 30, the power company has announced.

The dividend proposal is subject to approval by the annual meeting scheduled for May 10. Of NWK's DM420m par value stock, 67.8 per cent is held by Preussische Elektrizitaets, another power producer, in which Veba holds a controlling interest.

NWK's brief dividend statement did not indicate sales or profit. Agencies

## ESTEL in deal with Cockerill

By Our Amsterdam Correspondent

ESTEL Hoesch-Hoogovens, the Dutch-German steelmaker, is to expand its links with the Belgian steel group Cockerill in the area of wire rod production.

Hoogovens is negotiating the acquisition of 48 per cent of Van Thiel's Draadindustrie (Thibodraad) from Credit Industriel, a financial group based in Geneva. Cockerill also hold 48 per cent of Thibodraad while the founding Van Thiel family hold the rest.

When the acquisition is completed Hoogovens hopes to merge Thibodraad, of Beek en Donk near Eindhoven, with its fully-owned subsidiary, Staalmat of Utrecht. Production capacity will be concentrated in Beek en Donk where Thibodraad makes 60,000 tonnes of wire rods annually, including 40,000 tonnes of reinforcing steel frames. Staalmat's facilities will be shut down.

This will improve the marketing position of the two companies, currently both loss-making, and reduce costs. Another fully-owned Hoogovens subsidiary, Demka, will switch deliveries of 25,000 tonnes of rolled wire to Thibodraad and supply a further 10,000 tonnes.

Hoogovens declined to give financial details of the take-over of the Thibodraad stake. The Socialiest NVV Trade Union Federation is opposing the merger plans which will lead to a net loss of 90 jobs at Staalmat.

Estel and Cockerill agreed last year to work together in the area of wire rod production and Estel took a 5 per cent stake in a wire rod factory Cockerill is building near Liege. Construction has been halted pending a reorganisation of the Belgian steel industry but it is expected to resume shortly.

## Rise for Saudi International Bank

By John Evans

SAUDI International Bank, the London based bank controlled by the Saudi Arabian Monetary Agency, reports a 90 per cent increase in operating profits to £3.72m ($7.5m) for 1978.

The comparable figure for 1977, before charges for taxation and a general provision against loans, amounted to £1.96m.

Attributable profit rose to £1.44m against £556,000 for 1977.

The bank proposes to increase its issued share capital shortly to £38m from the current figure of £25m, to produce a larger capital base to support its banking business.

In his report, Mr. Edgar C. Felton, the executive director, said that investors from Saudi Arabia "have continued to show an increasing interest in the international securities markets."

To serve international investors, the bank has established a bond fund and management company in Jersey, and it plans to establish two Bahamian subsidiaries for the same purchases.

## Assets surge at Austrian bank

BY PAUL LENDVAI IN VIENNA

AUSTRIA'S second largest savings bank, Oesterreichische Sparcasse, reports the best ever expansion of its balance sheet during the year 1978.

Asset growth last year amounted to 27.8 per cent with the balance sheet total emerging at Sch 54.4bn, ($4bn). This compares with an increase of 17.1 per cent for Girozentrale which is the central institute for savings banks in this country.

Announcing this yesterday at a press conference, the Director General Dr Hans Haumer referred to the expansion of business in institutional deposits and in foreign business as the main reasons for the record breaking growth. The Vienna-based savings bank managed to increase the share of foreign business from 8 per cent of the total assets in 1977 to an estimated 10 per cent last year. As a result the bank was able to consolidate its position as the sixth largest Austrian bank.

Following the takeover of the small private bank, Roesler Bank, Sparcasse increased its branches by five to a total of 71. Roesler now operates four branches and will open by the end of this year four further offices in the Austrian provinces.

Discussing earnings, Dr. Haumer said that the figures indicating a fall from Sch 640m to Sch 567m ($41.7m) between 1977-78 are misleading because the change in taxation rules distorted the basis. In fact, an adjusted comparison after exclusion of Sch 134m would show an 11 per cent increase in the cash flow last year compared to 1977.

The same reservations apply to the figures about own resources and interest income. Interest and commissions' income was up from Sch 1.41bn to Sch 1.52bn but on an adjusted basis the rise would have been 8 per cent.

In accord with the trend towards universal banking status, and away from the original savings bank image, the bank reports that savings deposits rose by no more than 13 per cent to Sch 28.5bn while deposits in general rose by 30.7 per cent to Sch 8.8bn.

Dr. Haumer criticised the restrictions on consumer loans. He said that the previous arguments over balance of payments difficulties and inflation are no longer valid and that the maintenance of such restrictions would only harm economic growth.

# INTERNATIONAL COMPANIES and FINANCE

## Australian Philips plunges into red

Sydney Correspondent

AUSTRALIAN electronics, communications and white goods group, Philips Industries has plunged A$4.73m (…) into a loss in the year to December 31 and is passing a dividend for the first time in six years. In the previous period, the group had a profit of A$2.7m.

…6m of extraordinary items, including the write-back of accumulated tax benefits of … and the write-down in … of an investment of … are included, the loss is A$9.34m, in contrast to a comparable profit of A$3.38m. On a pre-tax and pre-extraordinaries basis, Philips … m compared with a … A$558,000 in 1977. … ated interest bill of … (previously A$6.39m) have taken a heavy toll … revenue as did a … to cease accounting for tax effects in certain …s. Although directors … ntion it in their profit … the costs associated … A$13.3m takeover of … tries in 1977 seem to … ted the latest results.

… deficit runs contrary … per cent increase in … om A$338.59m to … (U.S.$33.9m). With … led from these figures, … over would have only … per cent.

… ectors said yesterday … main problem areas … to be white goods … mmunications. Philips … omestic appliances … mproved its market … the competitive condi… … ie industry unfavour… … nced the results.

… der-utilisation of the … facilities in the tele… … ory continued because … of orders from the … it," they said. "Some … were transferred in … nprove capacity utili… … some transfer costs … red."

FOREIGN EQUITY DILUTION

## Cadbury India sets issue premium

BY K. K. SHARMA IN NEW DELHI

CADBURY INDIA, the offshoot of Cadbury Schweppes of the UK, is to make a public issue of 515,808 equity shares of a nominal value of Rs 10 at a premium of Rs 2.50 with the object of reducing the foreign holding in the company from 60 per cent to 40 per cent. This dilution of the foreign equity holding has been ordered by the Government under the Foreign Exchange Regulation Act (FERA).

The premium was approved at *the general meeting of the company* in Bombay this week despite protests by shareholders over the size of the premium. They wanted the premium to be raised fivefold to Rs 12.50, to make the price of each share in the issue Rs 22.50.

The objection was made because a large proportion of the new shares are earmarked for public financial institutions in accordance with a Government directive. The small shareholders of the company protested strongly and, although last week's annual general meeting rejected the protest, they successfully sought a poll, which was held on Tuesday.

The small shareholders' suggestion on raising the premium was rejected after Mr. Prem Pandhi, the chairman of Cadbury India, made the points that the public issue was essential to comply with FERA requirements, and that it was in the company's interests to follow the Government directive since this would enable it to diversify its activities.

In the issue, 150,000 equity shares will be offered to public financial institutions such as the Unit Trust of India, Life Insurance Corporation and the General Insurance Company. The remaining shares will be offered to company employees and existing shareholders.

The proceeds of the issue will be used to finance the company's proposed apple concentrate project in a backward region of Kashmir state. Companies coming under FERA may expand their activities in either high technology areas or in backward areas of the country.

Cadbury India has increased its dividend by 1 per cent to 13 per cent following a rise in sales of 34.1 per cent to Rs 224.5m ($28m) in 1978. Gross profits rose by 22.8 per cent to Rs 17.7m ($2.2m).

A similar attempt to limit the share to be allotted to public financial institutions was made unsuccessfully by shareholders of Philips India at its annual meeting in Calcutta on Monday. The company is also diluting its foreign equity holding to 40 per cent, and is changing its name to Peico Electronics and Electricals, although it will be allowed to use the Philips trademark on its products.

Mr. W. Maclaine Pont, chairman of Philips India, said that the dilution of the foreign holding and the change n name was necessary, and would not harm the company's interests.

## New foreign bank for Sri Lanka

BY MERVYN DE SILVA IN COLOMBO

THE INDOSUEZ Bank started business in Sri Lanka this week as a commercial bank. It is the first bank to respond to the Government's invitation to foreign banks to open branches in the Island both within and outside the free trade zone.

Several American and British banks have had preliminary discussions with the Government, but the Indosuez is the first to begin business. Foreign banks were not allowed to open new Sri Lankan accounts by a decree of the previous Government. Of the seven foreign banks operating here four are British, two Indian and one Pakistani.

## State concern over Email bid

BY JAMES FORTH IN SYDNEY

THE SOUTH AUSTRALIAN Government has taken a hand in the proposed takover of Kelvinator, the Adelaide-based electrical appliance manufacturer, by Email, the rival New South Wales-based company. Mr. J. D. Corcoran, the Premier of South Australia, has expressed concern to White Consolidated, the U.S. group, that Kelvinator might be taken over by Email.

Both Kelvinator and Email produce White goods under licence from White. Moreover, the U.S. group holds 10 per cent of Kelvinator's capital through its wholly-owned subsidiary, Kelvinator Incorporated.

The message from Mr. Corcoran said the South Australian Government was "seriously perturbed" at the possibility that Kelvinator might be taken over by "Sydney-based" Email. Kelvinator was a major employer of labour and retention of its independent influence on the economy of the state was vital.

"My inquiries indicate that your shareholding in Kelvinator has some influence in the situation and we hope that you will take the Government's concern into account," Mr. Corcoran said.

The action has also spilled into the share market where there is heavy buying, apparently from two sources, whose identity is, as yet, undisclosed.

Email bought 9 per cent of Kelvinator's capital after announcing its intention to make a bid but has not paid more than A$1.61, the peak value of its offer. The market price has now moved well over the Email offer price and closed yesterday at A$1.82.

Melbourne sharebroker McIntosh Griffin Hamson, which has been active in the market for several days, bought shares between A$1.70 and A$1.80 but late in the day another Melbourne broker, May and Mellor stepped in and bought about 100,000 shares at A$1.80 to A$1.82.

The buying by McIntosh is reportedly for interests friendly to Kelvinator. It is suggested that about 600,000 shares, or 4 per cent of the capital has been purchased. It is also suggested that the purchases by May and Mellor came from interests friendly to Email, and it may be that it was designed to block out the buying by McIntosh.

The market prices make it clear that for Email to have any chance of success it must raise its offer price substantially.

## Grace Bros foresees uplift in demand

BY OUR SYDNEY CORRESPONDENT

GRACE BROS HOLDINGS, one of Australia's leading retail groups, continued its string of unbroken profit gains in the six months to January 27, with a 11.4 per cent improvement to A$8.3m (US$9.3m). Growth was slightly less than the 15.1 per cent increase in the previous corresponding period, but was earned on a lower percentage sales lift of 9.7 per cent to A$236.7m.

The group managed to increase its margins from 3.4 cents to 3.5 cents in the sales dollar, despite tough competition from other department store operators and discount houses. The interim dividend has been maintained at 5 cents a share.

Mr. B. A. Grace, the chairman, said Grace Bros. had experienced a late Christmas buying burst and this demand had spilled over into the January period. "Trading in recent weeks has shown encouraging signs of an uplift in demand," he said.

The interim result is after 18 per cent higher interest charges of A$2.76m (previously A$2.33m), tax of A$6.73m (A$6.27m) and depreciation of A$2.47m (A$2.32m).

## Diversification pays off for P and O Australia

BY OUR SYDNEY CORRESPONDENT

P & O AUSTRALIA lifted profit almost 20 per cent in its first full year as a listed company and has exceeded its dividend forecast. Earnings for the year to December 31 rose from a A$5.8m to A$7m (US$7.87m).

The directors said the results highlighted the effects of the company's diversification in recent years. Trading in the group's main activities improved substantially in the second half of the year. They said a balanced spread of profitable operations had been achieved in recent years and in this context the Board was able to look to the future with confidence.

The dividend for the year is 17 cents which compares with a prospectus forecast of 16 cents. In December, 1977, the UK parent floated a 25 per cent interest in P&O Australia to the public.

The result equalled earnings of 28 cents a share compared with 23.5 cents in 1977. Turnover for the year actually dipped 6 per cent from A$93.5m to A$87.7m (US$98.5m). The directors pointed out that this resulted principally from the re-organisation of conventional stevedoring activities following the implementation of new stevedoring industry Acts in December, 1977.

Reuter

## South Korea to repay more debt

By Ron Richardson in Seoul

SOUTH KOREA will pay $2.29bn to service its foreign debts this year, made up of $1.38bn in principal and $910m in interest, according to a forecast by the Economic Planning Board.

With exports expected to reach $15.5bn and services income to yield another $6bn, the debt service ratio should be about 10.5 per cent.

The debt servicing burden this year is more than twice that of only three years ago. However, the very rapid growth in South Korea's foreign exchange earnings during the past few years has enabled the country to borrow abroad more rapidly than initial targets set in the current five-year plan (1977-81), and to make repayments of outstanding debts sooner than anticipated.

The latest forecast sets repayments at more than $250m above the initial plan target. The repayments will include the early return of funds loaned to Korea by the World Bank.



VONTOBEL EUROBOND INDICES

14.5.76=100%

| …DEX | 20.3.79 | 13.3.79 | AVERAGE YIELD | 20.3.79 | 13.3.79 |
|---|---|---|---|---|---|
| … | 102.81 | 102.84 | DM Bonds | 6.849 | 6.845 |
| … & Notes | 99.23 | 99.28 | HFL Bonds & Notes | 8.483 | 8.465 |
| …rt. Bonds | 95.74 | 95.82 | U.S. $ Strt. Bonds | 9.584 | 9.565 |
| …ar Bonds | 96.49 | 96.10 | Can. Dollar Bonds | 10.049 | 10.163 |

# How an Islamic bank will do without usury

BY RAMI G. KHOURI, Amman Correspondent

*"They who return to usury shall be given over to the fire; and therein shall they abide forever . . . Oh believers! Fear God and abandon your remaining usury, if ye are indeed believers."*

THE KORAN makes this explicit prohibition of usury in commercial dealings. Now that an increasing number of Islamic countries intend to apply the principles of Islamic law, the question arises how it is to be done in the world of modern finance.

A group of Jordanian financiers think they have the answer. They have founded the Jordan Islamic Bank which is intended to provide all the usual banking and financing services, substituting a form of profit-sharing for the bankers' usual interest charges.

The new bank's general manager, Dr. Sami Homoud, explained the working methods to the Financial Times. He argued that they will result in redressing what he considers the present imbalance between the rewards for capital and those for what he called human endeavour and initiative.

Commercial banks lend money to finance projects in which the bank and the bank's depositors share no responsibility. If the project fails to make money, the borrower still has to repay the loan and the interest charges.

Islamic banking principles, so their supporters argue, spread the responsibility and the risk more evenly among the bank, its depositors, and the owners of the project.

A depositor places his money in a savings account in an Islamic bank without being guaranteed any fixed return every year. Instead he is promised a share of the profits of the projects the bank is financing. When the bank lends money to finance a new industrial plant, the borrower does not pay a fixed interest rate every year, but rather promises to give the bank a share of the profits the plant generates after it starts production. If the plant makes a quick and large profit, the bank and the depositors share in the bonanza. If the plant makes only a small profit, they get less.

The bank always maintains a reserve fund from which it will pay its depositors and shareholders a dividend during any particularly unprofitable years. It is hoped these will be few and far between, because of the bank's policy of investing in a broad range of economic activities.

## Bond issues

Long-term bonds are also a feature of the Islamic banking system, as applied by the new Jordanian bank. A $15m ten-year bond issue is now being put together by the Jordan Islamic Bank to finance several construction projects which the Jordanian Islamic Affairs Ministry is undertaking in some of its idle but well located plots of land in the centre of Amman, the Jordanian capital. Bond buyers are not guaranteed a specific annual interest payment either. Their income will be a share of the profits of the commercial and residential projects being financed by the bonds.

In the case of real estate schemes, profits tend to be swift and substantial, given the high demand for all kinds of buildings in Amman, and holders of the Islamic "income bonds" can expect a higher return than even the 8 per cent that is guaranteed on the government's 10-year development bonds, according to Dr. Homoud.

In industry, the Islamic Bank, for example, might lend $100,000 to finance a new factory. The factory starts producing after two years, and earns an average annual profit of $20,000. The bank will take, say, $7,000 each year as its profit, the factory owner $7,000 and the remaining $6,000 will go into a compulsory savings account in the Islamic Bank in the name of the factory owner. When the money in the account reaches $100,000, the bank takes the money as repayment of the loan, and the factory becomes the full property of its owner. In the meantime, the bank and the factory owner have been earning a net profit every year, the value of which is negotiated when the loan is made.

On a smaller scale, the bank could be approached by a man who wants to buy a car to operate as a taxi. The bank will buy the car for him at a cost, say, of $5,000. The man will earn an annual net profit, after his family and car operating expenses have been paid, of perhaps $1,000. The man will keep $300 for himself, the bank will take $300 as its profit and the remaining $400 will again go into a compulsory account in the name of the driver, which will gradually accumulate to pay off the original loan, upon which the car becomes the driver's property.

The sharing of responsibilities and risk among the owners of capital and the owners of the industry or business being financed promotes a greater balance between the value of capital and the value of human endeavour, Dr. Homoud contends. It would also provide an extra incentive for small investors and entrepreneurs to work harder to make their businesses succeed, because the more quickly they show a profit the more quickly they pay off their loans.

## Risk capital

There is also the social implication of providing risk capital to small and medium-size projects that may not receive loans from commercial banks, Dr. Homoud says. The availability of finance for local entrepreneurs should promote a healthier development than the present situation in which large commercial bank loans tend to concentrate on financing imports of consumer goods or large industrial projects.

"People here work hard because there is no easy wealth from oil," Dr. Homoud says. "They want to make the transition from being wage earners to owners of businesses, and we want our bank to help develop the equilibrium and harmony between capital and human effort that is not always evident today."

Because human effort goes into providing routine commercial banking services such as transfer payments, letters of credit, foreign exchange dealings and travellers cheques, these will be offered to customers on a commission basis, as will normal checking accounts.

The bank's founders believe they will attract millions of dinars that people have until now kept in their mattresses because of their aversion to interest-bearing deposit accounts. They also believe they will attract large deposits from neighbouring Arab countries, such as Saudi Arabia, where Islamic banking of this type does not exist.

The bank's paid-up capital of JD1m (about $3.2m) is held by 7,000 shareholders, of whom 96 per cent are Jordanian, including a sprinkling of institutional investors such as banks and the Islamic Affairs Ministry.

Dr. Homoud expects deposits in the first year of operations to reach JD4m (about $13m) though he expects a relatively low return on investment: around 5 per cent in the first year, rising to over 10 per cent annually as the bank gets into its stride a few years later.

Dr. Homoud recalls that when he wanted to publish his doctoral dissertation on Islamic banking principles in book form a few years ago, he lacked the required JD1,000 and he refused to borrow the money from a commercial bank. A friend of his lent him the money to print 3,000 copies of the book, on the basis that 1,500 copies belonged to Dr. Homoud and the profits from the other 1,500 copies would be split 50-50 between Dr. Homoud and the creditor. Those 1,500 copies were sold a few months later for JD1,800. The loan was repaid and the JD800 profit was split between the two men. The lender received a healthy 40 per cent return on investment, within three months.

# CURRENCIES, MONEY and GOLD

## Dollar firm; pound steady

NG IN yesterday's foreign ge market saw the pound firmer against other ies before it eased to ery little changed from . The U.S. dollar how- ttracted a fair demand the afternoon and finished nd its best level for the erling opened at $2.0330 ved up to the day's high 90, probably on renewed out of Switzerland. By e rate had fallen back to and with the dollar im- , it fell to $2.0290. At the t recovered to $2.0310- a loss of just 10 points esday.

med likely that the Bank and intervened both ways the day in an effort to currency movements. ound's trade weighted ended to mirror their with a closing calculation unchanged from Tuesday, stood at 65.1 a noon and the morning.

ollar finished at DM 1.8685 the D-mark, compared DM 1.8625 previously, he Swiss franc declined Fr 1.6940 from SwFr The dollar's improved ance may have reflected al switching out of Hong ollars and the latter was *sharply lower at HK$* at one time. Using Guaranty figures at noon York, the U.S. dollar's eighted average depreci- idened slightly to 8.5 per m 8.4 per cent, although nadian dollar probably the calculation with a improvement to 85.71¼ nts from 85.49¼ U.S. On Bank of England the U.S. dollar's index 84.8 from 84.7.

KFURT — The dollar d at DM 1.8675 yester- ich showed a rise from 's level of DM 1.8626, e was no intervention at y's fixing by the Bundes- he U.S. unit showed a endency from its early level with President speech on U.S. energy ue later this month seen as one of the reasons for its rise.

The Italian lira continued to show the strongest improvement yesterday within the European Monetary System, finishing at L450.27½ against the D-mark compared with L450.90 on Tuesday and a central rate of L458.137. The Belgian franc was marginally weaker at L28.52 against L28.53 (L29.15 central rate), while the French franc showed a slight gain in lira terms to L195.70 from L195.60 (L198.37). The Dutch guilder was quoted at L417.57½ from L417.85 (L422.754) and the punt stood at L1708.75 against L1706.75 (L1735.8). The Danish krone showed little movement at L161.74 against L161.91 (L162.32).

Taking each currency's performance in relation to its central rate in ECU terms, the lira was stronger than the Danish krone by 0.14 per cent compared with 0.20 per cent previously; the guilder by 1.06 per cent (0.99 per cent); the French franc by 1.20 per cent (1.19 per cent); the punt by 1.20 per cent (1.62 per cent); the D-mark by 1.57 (1.42 per cent); and the Belgian franc by 2.09 per cent (2.00 per cent). The sharp decrease in the amount by which the lira improved over the Irish currency reflected the stronger performance by sterling against the lira, with the punt tending to move in line with sterling.

**MILAN**—The lira showed a weaker trend against the dollar and sterling, but improved against other members of the EMS, with the exception of the Irish punt, which followed sterling. The dollar was quoted at L840.70 in fairly quiet trading, compared with Tuesday's level of L839.45, while sterling rose to L1,711.75 against L1,703.60 previously. The D-mark continued to ease against the lira to L449.91 from L450.38.

**ZURICH** — Trading throughout the morning was mainly quiet, with the dollar maintaining a steady rate against the Swiss franc at SwFr 1.6880 and DM 1.8665 against the D-mark.

### THE POUND SPOT AND FORWARD

| March 21 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.0290-2.0390 | 2.0310-2.0320 | 0.52-0.42c pm | 2.78 | 0.93-0.83 pm | 1.67 |
| Canada | 2.3675-2.3785 | 2.3690-2.3700 | 0.40-0.30c pm | 2.28 | 0.80-0.70 pm | 1.27 |
| Nethlnd. | 4.08½-4.11½ | 4.09-4.10 | 2¾-1¾c pm | 6.59 | 6-5 pm | 5.37 |
| Belgium | 59.85-60.15 | 59.95-60.05 | 30-20c pm | 5.0 | 75-65 pm | 4.67 |
| Denmark | 10.55-10.60 | 10.55½-10.56½ | 1½ore pm-½ore dis | 0.57 | 1¼ pm-¾ dis | 0.09 |
| W. Ger. | 3.78½-3.82 | 3.79¼-3.80¼ | 3½-2½pf pm | 8.29 | 7⅞-6⅞ pm | 7.77 |
| Portugal | 97.10-97.85 | 97.65-97.85 | 30-100c dis | −7.98 | 80-220 dis | −6.14 |
| Spain | 140.15-140.55 | 140.15-140.25 | 10c pm-40c dis | −1.28 | par-120 dis | −1.71 |
| Italy | 1707-1712 | 1707-1708 | 3-1 lire pm | 1.41 | 5½-3½ pm | 1.11 |
| Norway | 10.37½-10.42½ | 10.38-10.39 | 5-3ore pm | 4.62 | 8¼-6¼ pm | 2.99 |
| France | 8.72-8.77 | 8.72¾-8.73¾ | 4¼-3¼c pm | 5.15 | 9½-8½ pm | 4.24 |
| Sweden | 8.87-8.92 | 8.87¾-8.88¾ | 3½-1½ore pm | 3.72 | 8¼-6¼ pm | 3.49 |
| Japan | 418-425 | 420½-421½ | 3.05-2.80y pm | 8.34 | 7.85-7.60 pm | 7.34 |
| Austria | 27.78-27.88 | 27.80-27.85 | 22-12gro pm | 7.33 | 62-42 pm | 6.78 |
| Switz. | 3.42½-3.45½ | 3.43¾-3.44¾ | 4-3c pm | 12.20 | 10½-9½ pm | 11.76 |

Belgium rate is for convertible francs. Financial franc 60.70-60.80
Six-month forward dollar 1.32-122c pm; 12-month 2.45-2.35c pm

### THE DOLLAR SPOT AND FORWARD

| March 21 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.0290-2.0390 | 2.0310-2.0320 | 0.52-0.42c pm | 2.78 | 0.93-0.83 pm | 1.71 |
| Ireland† | 2.0290-2.0390 | 2.0310-2.0320 | 0.52-0.42c pm | 2.78 | 0.93-0.83 pm | 1.71 |
| Canada† | 85.61-85.68 | 85.61-85.64 | 0.8-0.6c pm | 0.98 | 1.1-0.9 pm | 0.47 |
| Nethlnd. | 2.0105-2.0160 | 2.0145-2.0160 | 0.63-0.53c pm | 3.39 | 1.95-1.85 pm | 3.77 |
| Belgium | 29.47-29.53 | 29.51-29.53 | 6½-5½c pm | 2.44 | 22½-21 pm | 2.95 |
| Denmark | 5.1960-5.1985 | 5.1960-5.1975 | 0.50-1.00ore dis | −1.73 | 1.75-2.25dis | −1.57 |
| W. Ger. | 1.8655-1.8690 | 1.8680-1.8690 | 0.92-0.82pf pm | 5.59 | 2.83-2.73 pm | 5.95 |
| Portugal | 48.05-48.20 | 48.10-48.20 | 35-50c dis | −10.59 | 100-165dis | −11.01 |
| Spain | 69.03-69.09 | 69.08-69.09 | 5-15c dis | −1.74 | 25-35 dis | −1.74 |
| Italy | 840.20-841.50 | 841.00-841.50 | 0.6-1.0lire dis | −1.14 | 1.50-2.00dis | −0.83 |
| Norway | 5.1105-5.1130 | 5.1120-5.1130 | 1.25-0.75ore pm | 2.35 | 2.10-1.60 pm | 1.45 |
| France | 4.2973-4.2995 | 4.2980-4.2995 | 0.92-0.82c pm | 2.43 | 2.82-2.67 pm | 2.55 |
| Sweden | 4.3700-4.3742 | 4.3732-4.3742 | 0.75-0.55ore pm | 1.78 | 2.40-2.20 pm | 2.10 |
| Japan | 207.00-207.90 | 207.15-207.25 | 1.00-0.85y pm | 5.36 | 3.00-2.85 pm | 5.65 |
| Austria | 13.682-13.698 | 13.693-13.698 | 5.75-5.00gro pm | 4.71 | 19.50-17.50pm | 5.40 |
| Switz. | 1.6870-1.6945 | 1.6935-1.6945 | 1.40-1.30c pm | 9.56 | 4.40-4.30 pm | 10.27 |

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

### CURRENCY RATES

| March 20 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 13 | 0.633496 | 0.665261 |
| U.S. $ | 9½ | 1.28587 | 1.35138 |
| Canadian $ | 11¼ | 1.50575 | 1.57586 |
| Austria Sch. | 3¾ | 17.5586 | 18.4382 |
| Belgian F | 6 | 37.8657 | 39.7647 |
| Danish K | 8 | 6.67045 | 7.01318 |
| D mark | 3 | 2.39505 | 2.51540 |
| Guilder | 6½ | 2.58460 | 2.71431 |
| French Fr. | 9½ | 5.51851 | 5.79631 |
| Lira | 10½ | 1079.49 | 1134.06 |
| Yen | 3½ | 266.432 | 280.052 |
| Nrwgn. K | 7 | 6.51051 | 6.90017 |
| Spanish Pes. | 8 | 88.8125 | 93.4746 |
| Swedish Kr. | 6½ | 5.61411 | 5.89968 |
| Swiss Fr. | 1 | 2.16258 | 2.27082 |

### CURRENCY MOVEMENTS

| Mar. 21 | Bank of England Index | Morgan Guaranty changes % |
|---|---|---|
| Sterling | 64.9 | −39.5 |
| U.S. dollar | 84.8 | −8.5 |
| Canadian dollar | 80.8 | −16.8 |
| Austrian schilling | 146.7 | +19.5 |
| Belgian franc | 114.5 | +14.8 |
| Danish kroner | 118.1 | +6.9 |
| Deutsche Mark | 150.1 | +41.6 |
| Swiss franc | 193.8 | +81.1 |
| Guilder | 125.0 | +20.9 |
| French franc | 99.4 | −6.0 |
| Lira | 54.4 | −49.2 |
| Yen | 159.4 | +37.7 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

### OTHER MARKETS

| Mar. 21 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 2300-2320 | 1132-1142 | Austria | 27¼-28¼ |
| Australia Dollar | 1.8080-1.8280 | 0.8900-0.9000 | Belgium | 60¼-61¼ |
| Brazil Cruzeiro | 45.56-46.53 | 22.40-22.90 | Denmark | 10.53-10.63 |
| Finland Markka | 8.10-8.11 | 3.9830-3.9850 | France | 8.65-8.75 |
| Greek Drachma | 75.696-75.489 | 36.25-37.15 | Germany | 3.72-3.82 |
| Hong Kong Dollar | 9.99-10.01 | 4.9140-4.9180 | Italy | 1,680-1,730 |
| Iran Rial | 146.25-152.35 | 72-75 | Japan | 420-430 |
| Kuwait Dinar (KD) | 0.556-0.566 | 0.2758-0.2759 | Netherlands | 4.05-4.15 |
| Luxembourg Frc. | 59.95-63.05 | 29.51-29.53 | Norway | 10.32-10.42 |
| Malaysia Dollar | 4.4650-4.4750 | 2.2028-2.2038 | Portugal | 93-99 |
| New Zealand Dlr. | 1.9230-1.9330 | 0.9465-0.9515 | Spain | 140.00-145.00 |
| Saudi Arab. Riyal | 6.79-6.89 | 3.3600-3.3610 | Switzerland | 3.38-3.48 |
| Singapore Dollar | 4.43-4.44½ | 2.1830-2.1840 | United States | 2.0300-2.0400 |
| Sth. African Rand | 1.7143-1.7257 | 0.8440-0.8495 | Yugoslavia | 39½-42½ |

Rate given for Argentina is free rate.

### ANGE CROSS RATES

| ar. 21 | PoundSterling | U.S. Dollar | Deutschem'k | Japan'se Yen | FrenchFranc | Swiss Franc | Dutch Guild'r | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| erling | 1 | 2.032 | 3.798 | 421.0 | 8.733 | 3.443 | 4.095 | 1708. | 2.370 | 60.00 |
| r | 0.492 | 1. | 1.869 | 207.2 | 4.299 | 1.695 | 2.016 | 840.5 | 1.166 | 29.53 |
| mark | 0.263 | 0.535 | 1. | 110.8 | 2.300 | 0.907 | 1.078 | 449.6 | 0.624 | 15.80 |
| Yen 1,000 | 2.375 | 4.826 | 9.020 | 1000. | 20.74 | 8.177 | 9.727 | 4056. | 5.628 | 142.5 |
| ranc 10 | 1.145 | 2.326 | 4.349 | 482.1 | 10. | 3.942 | 4.689 | 1955. | 2.713 | 68.71 |
| nc | 0.290 | 0.590 | 1.103 | 122.3 | 2.537 | 1. | 1.190 | 496.0 | 0.688 | 17.45 |
| lder | 0.244 | 0.496 | 0.927 | 102.8 | 2.132 | 0.841 | 1. | 417.0 | 0.579 | 14.65 |
| a 1,000 | 0.585 | 1.190 | 2.224 | 246.5 | 5.114 | 2.016 | 2.398 | 1000. | 1.389 | 35.14 |
| Dollar | 0.422 | 0.857 | 1.603 | 177.7 | 3.685 | 1.453 | 1.728 | 720.6 | 1. | 25.32 |
| ranc 100 | 1.667 | 3.386 | 6.329 | 701.7 | 14.55 | 5.738 | 6.825 | 2846. | 3.942 | 100. |

### CURRENCY INTEREST RATES

ollowing nominal rates were quoted for London dollar certificates of deposit: one month 10.30-10.40 per cent; three months 10.50-10.60 per cent; six .75-10.85 per cent; one year 10.65-10.75 per cent.

| 21 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| m | 13¼-13½ | 10⅛-10⅜ | 9-10 | 5⅛-5⅜ | ⅛-¼ | 4⅛-4¼ | 6⅜-6⅞ | 10-12 | — | 7⅜ |
| notice | 13-13¼ | 10¼-10½ | 9-10 | 6-6¼ | ¼-⅜ | 4⅛-4¼ | 6¾-7 | 10½-11½ | 10¼-10⅜ | 4⅞-5 |
| | 12⅜-12⅝ | 9⅞-10 | 10⅛-10⅞ | 6⅛-6½ | [illegible] | 4[illegible] | 7¼-7½ | 11¼-12¼ | 9[illegible] | 4[illegible] |
| nths | 11⅞-12 | 10⅜-10⅝ | 10[illegible] | 6⅝-6⅞ | ¼-⅜ | 4[illegible] | 7⅞-8⅛ | 11¾-12¾ | 10⅜-10½ | 4[illegible] |
| s | 11[illegible] | 10¾-11 | 10⅝-11 | 6¾-7 | [illegible] | 4⅝-4⅞ | 8⅜-8⅝ | 12¼-13¼ | 10[illegible] | 4⅞-5⅛ |
| | 11¼-11⅝ | 10[illegible] | 10⅝-11 | 6⅞-7⅛ | 1⅛-1¼ | 4[illegible]-5[illegible] | 9⅛-9⅜ | 12½-13½ | 10[illegible] | 4⅞-5[illegible] |

erm Eurodollar deposits: two years 10⅝-10⅞ per cent; three years 10½-10¾ per cent; four years 10[illegible]-10[illegible] per cent; five years 10-10¼ per cent nominal tes. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates ore.

### RNATIONAL MONEY MARKET

## utch call money rate cut

sed liquidity in the market, following ent disbursements, led in the official Dutch call rate yesterday to 6 per m 6½ per cent. The rate n steady at 6½ per cent at October, apart from 23 when it fell to 3½ t, before returning to cent the following day. 's fall also followed an in market liquidity zeable Government pay- In the interbank market ney fell to 5½ per cent -6½ per cent, while one- three-month, and six- unds were unchanged at cent.

S—French call money fell to 6⅞ per cent from 7 per cent, reflecting the improvement in market liquidity. On Monday the Bank of France bought FFr 7.3bn of first category paper. One-month money also fell, to 6⅞-6⅞ per cent from 6⅞-7 per cent; and three-month to 7-7⅛ per cent from 7⅛-7¼ per cent. Six-month firmed slightly to 7⅝-7⅞ per cent from 7⅞-7⅞ per cent, while 12-month fell to 7⅞-7⅞ per cent from 7⅞-8 per cent.

**FRANKFURT** — Short-term interest rates were firmer, with call money rising to 4.45-4.50 per cent from 4.20-4.40 per cent; one-month to 4.40-4.50 per cent from 4.20-4.30 per cent; three-month to 4.50-4.60 per cent from 4.35-4.45 per cent; six-month to 4.90-5.00 per cent from 4.50-4.70 per cent; and 12-month to 5.15-5.20 per cent from 4.95-5.05 per cent.

**BRUSSELS** — One-month money firmed to 7⅛-7⅜ per cent from 7⅛-7⅜ per cent, and three-month to 7⅝-7⅞ per cent from 7⅞-7⅞ per cent. Six-month funds were unchanged at 7⅞-8⅛ per cent, and 12-month at 8⅛-8⅜ per cent.

**NEW YORK**—Federal funds remained easy in early trading, at around 9⅞-10 per cent.

**HONG KONG**—The money market was easy, with call money at 10½ per cent, and overnight at 9¾ per cent.

### GOLD

## Weaker trend

Gold lost $2½ an ounce in the London bullion market yesterday to close at $240¼-241. The metal opened at $239¼-240 and was fixed during the morning at $240.25. The afternoon fixing showed a fall to $239.90 but gold improved soon after the opening of U.S. centres and finished at its firmest level. The Krugerrand's premium over its gold content widened sharply to 10.13 per cent from 8.69 per cent for domestic delivery, while the premium also widened internationally from 2.82 per cent to 3.27 per cent.

In Paris the 12½ kilo bar was fixed at FFr 33,650 per kilo ($243.45 per ounce) compared with FFr 33,790 ($244.98) on Tuesday morning.

| | Mar. 21 | Mar. 20 |
|---|---|---|
| **Gold Bullion (fine ounce)** | | |
| Close | $240¼-241 (£118.5-118.7) | $242¾-243½ (£119.4-119.7) |
| Opening | $239¼-240 (£117.7-118.0) | $242-242¾ (£119.0-118.6) |
| Morning fixing | $240.25 (£117.972) | $242.00 (£119.159) |
| Afternoon fixing | $239.90 (£117.916) | $242.10 (£118.986) |
| **Gold Coins, domestically** | | |
| Krugerrand | $263-267 (£129½-131½) | $262¼-266¼ (£129-131) |
| New Sovereigns | $68-70 (£33½-34½) | $68-70 (£33½-34½) |
| Old Sovereigns | $75-77 (£37-38) | $75-77 (£36¾-37¾) |
| **Gold Coins, internationally** | | |
| Krugerrand | $247½-249½ (£122-123) | $249-251 (£122½-123½) |
| New Sovereigns | $63-65 (£31-32) | $63¼-65¼ (£31-32) |
| Old Sovereigns | $75-77 (£37-38) | $75-77 (£36¾-38¾) |
| $20 Eagles | $313-317 | $314-319 |
| $10 Eagles | $169-174 | $171-176 |
| $5 Eagles | $121-126 | $121-126 |

### MONEY MARKET

## xceptional assistance

(Bank of England Minimum Lending Rate 13 per cent since March 1, 1979)

-day credit was in very supply in the London market yesterday, and is o remain so today when rket will be faced with ent of the major part of ay's official lending, heavy ments, and any shortage by the offer for tender of ier 12¼ per cent 1999.

lieve yesterday's shortage horities gave an exception- ge amount of assistance ding a moderate amount ven days to nine or 10 discount houses, at Bank of England Minimum Lending Rate of 13 per cent, and by lending an extremely large amount overnight to the same number of houses, at MLR. The seven-day lending reinforces the authorities desire for stability in short-term interest rates.

National Insurance contributions were the major factor behind a very large excess of revenue payments to the Exchequer over Government disbursements. There was also a small net take-up of Treasury bills to finance, and the balance of the second call on Exchequer 13¾ per cent 1987.

On the other hand there was a small decrease in the note circulation, and the market was also helped by above target balances brought forward by the banks.

Above target balances are also likely to slightly reduce today's shortage, since the authorities probably overdid yesterday's help. This was reflected in the sharp fall in day-to-day money at the close, with discount houses picking up some money at 2 per cent, after paying up to 13 per cent earlier in the day. In the interbank market overnight funds touched 13¾-14 per cent in the afternoon, but fell sharply to ¼-½ per cent at the close.

### ON MONEY RATES

| 21 9 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposit | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| ht | — | ¼-14 | — | — | — | — | 2-13 | — | — | — |
| notice | — | — | 13-13½ | — | — | — | — | — | — | — |
| r | — | — | — | — | — | — | — | — | — | — |
| notice | — | 12⅞-13¼ | 13⅛-13½ | — | 13¼ | 13½ | 12¾-13 | — | — | — |
| nth | 12[illegible]-12½ | 12[illegible]-12¾ | 12¾-12⅞ | 12½-12¾ | 13 | 13⅛ | 12½ | 11¼ | 12[illegible]-12¾ | 12¾ |
| nths | 12⅜-12¼ | 12¼-12[illegible] | — | 12⅛-12½ | 12¾ | — | 11[illegible]-11[illegible] | 11[illegible]-11¼ | 12[illegible]-12[illegible] | 12⅝ |
| onths | 11⅞-11¾ | 11⅞-12 | 12¼-12⅜ | 11½-11⅞ | 12½ | 12¾ | 11⅛ | 11[illegible]-11⅛ | 11[illegible]-11[illegible] | 12⅛ |
| ths | 11⅜-11¼ | 11⅜-11[illegible] | 11¾-11⅞ | 10¾-11⅛ | 12 | — | — | — | 10⅞-10[illegible] | 12¼ |
| onths | 11[illegible]-11⅛ | 11[illegible]-11½ | — | 11-11⅜ | 12 | — | — | — | — | — |
| r | 11[illegible]-11[illegible] | 11¼-11⅜ | 11⅞ | 11-11⅜ | 12 | — | — | — | — | — |
| ars | — | — | 12-12¼ | — | — | — | — | — | — | — |

l authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority e rates nominally three years 12½-12⅝ per cent; four years 12¼-12½ per cent; five years 12½-12⅝ per cent. bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11¾ per cent; nth trade bills 12¼ per cent.

roximate selling rates for one-month Treasury bills 11[illegible] per cent; two-month 11[illegible]-11[illegible] per cent; three months per cent. Approximate selling rate for one-month bank bills 12[illegible]-12[illegible] per cent; two-month 12[illegible]-12[illegible] per d three-month 11[illegible]-11[illegible] per cent; one-month trade bills 12⅞ per cent; two-month 12½ per cent; and three-month cent.

nce Houses Base Rates (published by the Finance Houses Association) 13½ per cent from March 1, 1979. Bank Deposit Rates for small sums at seven days' notice 10.5 per cent. Clearing Bank Rates for lending 13 per reasury Bills: Average tender rates of discount 10.9299 per cent.

### MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 11.5-11.75 |
| Fed Funds | 9.98875 |
| Treasury Bills (13-week) | 9.50 |
| Treasury Bills (26-week) | 9.48 |

**GERMANY**

| | |
|---|---|
| Discount Rate | 3 |
| Overnight Rate | 4.475 |
| One month | 4.45 |
| Three months | 4.55 |
| Six months | 4.85 |

**FRANCE**

| | |
|---|---|
| Discount Rate | 9.5 |
| Overnight Rate | 6.625 |
| One month | 6.8125 |
| Three months | 7.0625 |
| Six months | 7.4375 |

**JAPAN**

| | |
|---|---|
| Discount Rate | 3.5 |
| Call (Unconditional) | 4.625 |
| Bills Discount Rate | 4.625 |

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## COMPANY NOTICES

**ANGLOVALL GROUP**
**CLOSING OF TRANSFER BOOKS AND REGISTER OF MEMBERS**

The transfer books and register of members of CONSOLIDATED MURCHISON LIMITED will be closed from 12 to 18 April, 1979, for the purpose of determining those persons entitled to attend the Annual General Meeting of the members of that Company.
2 March, 1979.
DateRBETAONI

**RANSOMES SIMS & JEFFERIES, LIMITED**

NOTICE IS HEREBY GIVEN that the Transfer Register for the Ordinary shares will be closed from the 29th March, 1979, to the 11th April, 1979, both dates inclusive, for the preparation of dividend warrants.
By Order of the Board.
L. W. BRYANT, Secretary.
Nacton Works.
Ipswich.

May, 1979
**ELECTRICITE DE FRANCE**
National Service
Public Corporation of the French State (Law on nationalisation of Electricity and Gas of April 8, 1946)
Registered Office:
2, rue Louis Murat, Paris (8eme)
Bonds 8.50% 1971-1986 of $1,000.

Numerical List.
(1) Of series including the 800 bonds 8.50% 1971-1986 of $1,000 drawn by lot on March 7th, 1979 (sixth drawing by lot) which make up the $800,000 nominal amount to be redeemed on May 1st, 1979
12,228 to 13,027
(2) Of series drawn by lot at the previous drawing among which figure the bonds not yet presented for reimbursement
Drawing of March 4th, 1977—Reimbursement May 1st 1977
1 to 135
Drawing of March 8th, 1978—Reimbursement May 1st, 1978
10,677 to 11,476
These bonds will be redeemed at $1,000 at the office of the FRENCH AMERICAN BANKING CORPORATION in NEW YORK and at the offices of the following banks
BANQUE NATIONALE DE PARIS, PARIS —BANQUE DE PARIS ET DES PAYS-BAS, PARIS —CREDIT LYONNAIS, PARIS —SOCIETE GENERALE, PARIS —CREDIT COMMERCIAL DE FRANCE, PARIS —LAZARD FRERES et Cie, PARIS —BANCA NAZIONALE DEL LAVORO, ROME—SOCIETE GENERALE DE BANQUE, BRUXELLES —BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND DUCHE DE LUXEMBOURG, LUXEMBOURG—DEUTSCHE BANK AG, FRANCFORT—ALGEMENE BANK NEDERLAND NV, AMSTERDAM—BARCLAYS BANK LTD, LONDRES
Outstanding amount: $16,000,000.

## BOND DRAWINGS

**CHILEAN**
**EXTERNAL LONG TERM DEBT LAW NO. 8962**
**CHILEAN 4½% LOAN 1885**

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 13th March 1979, attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st April 1979, from which date all interest thereon will cease:

3 BONDS OF £1,000 NOMINAL CAPITAL EACH
6 342 452
3 BONDS OF £500 NOMINAL CAPITAL EACH
851 1057 1364
40 BONDS OF £100 NOMINAL CAPITAL EACH

| | | | | | |
|---|---|---|---|---|---|
| 1629 | 2628 | 2637 | 2898 | 3064 | 3080 |
| 3081 | 3092 | 3098 | 3104 | 3186 | 3198 |
| 3212 | 3220 | 3237 | 3240 | 3255 | 3324 |
| 3744 | 3837 | 3853 | 4211 | 4458 | 5133 |
| 5262 | 5552 | 5732 | 5744 | 5900 | 5997 |
| 6303 | 7027 | 7718 | 7932 | 7993 | 8190 |
| 8602 | 8820 | 9187 | 9444 | | |

46 Bonds amounting to £8,300 nominal capital.
Witness K. F. C. Baker, Notary Public.
Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st October 1979, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.
The usual interval of four clear days will be required for examination.
New Court,
St. Swithin's Lane,
London EC4P 4DU
22nd March 1979

## COMPANY NOTICES

**ANGLO AMERICAN CORPORATION GROUP**
**TRANSVAAL GOLD MINING COMPANIES AND SOUTHVAAL HOLDINGS LIMITED**
(All of which are incorporated in the Republic of South Africa)

**CLOSING OF REGISTERS**

For the purpose of the annual general meetings of the undermentioned companies to be held at 44 Main Street, Johannesburg, on Thursday, April 26, 1979, at the times stated below, the transfer registers and registers of members of these companies will be closed from April 20 to 26, 1979, both days inclusive:

| Name of Company | Time |
|---|---|
| Western Deep Levels Limited | 10h15 |
| Blandsrand Gold Mining Company Limited | 10h40 |
| Southvaal Holdings Limited | 11h15 |
| Vaal Reefs Exploration and Mining Company Limited | 11h40 |
| East Daggafontein Mines Limited | 14h15 |
| The South African Land & Exploration Company Limited | 14h40 |

By Order of the Boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
Per C. R. BULL.
Divisional Secretary.

Registered Office:
44 Main Street
JOHANNESBURG
2001
Postal Address:
P.O. Box 61587
MARSHALLTOWN
2107
March 23, 1979

London Office:
40, Holborn Viaduct,
EC1P 1AJ.

aac

June, 1979.
**BOUSSOIS SOUCHON NEUVESEL GERVAIS DANONE**
Joint Stock Company with capital of F 233 228 000
Registered Office:
7, rue de Téhéran, Paris (8ème).
Trade Register: Paris B 552032534.

**5% BONDS 1972-1987 COMPAGNIE GERVAIS DANONE**
In denomination of F 5,000.-

BOUSSOIS SOUCHON NEUVESEL GERVAIS DANONE made use for the repayment of F 10,000,000 instalment due on 15th June, 1979, of the right which they reserved at the time of issue and cancelled 2,000 repurchased bonds.
There will be no drawing by lot for this second redemption.
Amount outstanding: F 80,000,000.
BANQUE NATIONALE DE PARIS
Fiscal Agent

**CITY OF MONTREAL**

**3% PERMANENT DEBENTURE STOCK**

NOTICE IS HEREBY GIVEN that the Transfer Register will be closed from 12th April to 30th April 1979, both dates inclusive.
Registrars:
THE ROYAL BANK OF SCOTLAND LTD.
Registrar's Department,
16, Old Broad Street,
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## CLUBS



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Against surrender of the Scrip, with attached specification of the scrip numbers, issued under the Prospectus dated 29th May, 1978, new Bearer Shares with coupon sheet may be delivered through the Bank's New Issues Department, 12 Holmens Kanal, DK-1092 Copenhagen K, Denmark.

Copenhagen, 22nd March, 1979.

DEN DANSKE BANK
AF 1871 AKTIESELSKAB

**CLIVE INVESTMENTS LIMITED**
1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101.
Index Guide as at March 20, 1979 (Base 100 on 14.1.77)

| | |
|---|---|
| Clive Fixed Interest Capital | 148.52 |
| Clive Fixed Interest Income | 121.50 |

**ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.**
45 Cornhill, London, EC3V 3PB. Tel: 01-623 6314.
Index Guide as at March 15, 1979

| | |
|---|---|
| Capital Fixed Interest Portfolio | 106.55 |
| Income Fixed Interest Portfolio | 102.55 |

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All documents for registration and correspondence should in future be sent to the address below.

E.R.G. YOULE, F.C.A.
Secretary.

Lloyds Bank Limited,
Registrars Department,
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Telephone: Worthing 502541
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هكذا من الأصل

# FINANCIAL TIMES REPORT

Thursday March 22 1979

# Tornado-MRCA

More than 70,000 workers in more than 500 companies are engaged in this £8bn tripartite European programme to build over 800 Multi-Role Combat Aircraft through the 1980s for the RAF, the Luftwaffe, German Navy and Italian Air Force. The first production model is due to fly this summer.

## Assembly lines swell in three countries

**This Report was written by Michael Donne, Aerospace Correspondent**

NG THIS coming summer jor milestone will be d in the development pro- ie for the Tornado Multi- Combat Aircraft, when the oduction model makes its flight from the Warton, hire, airfield of British pace.

aeroplane will be the a flood. For behind it tretch the three produc- d assembly lines in the pating countries—the est Germany and Italy— re already swelling with t as the long period of and development phases quantity manufacture. to the biggest single inter- al military aircraft pro- e yet undertaken in Wes- urope in peace-time.

Tornado is an all- r, day and night, two- twin-engined - swinging (variable geometry) y aircraft that will be of flying at more than the speed of sound Mach 2.2, or 1,300 mph) at heights and also of nic speed at low levels.

aircraft is being designed seven main roles:

Battlefield Interdiction— port of ground forces in ward battle zone, requir- ge weapons payloads and nt manoeuvrability;

nterdiction/Counter Air- —destroying the enemy's installations, supply de- irfields and communica-

aval Strike—delivering a ariety of weapons in all rs against ships and coas- allations;

Superiority — denying the freedom of the air to the enemy, hence giving protection to friendly ground or naval forces;

- Interception/Air Defence—long air patrols far out over the Atlantic to destroy incoming enemy bombers at high altitude;
- Reconnaissance — long-range reconnaissance at all heights is essential to the planning of ground and air operations in wartime;
- Training—which is most effective in a two-seat aircraft, such as Tornado, of which a trainer version is being built.

The Tornado is being built in two principal versions. The first is the basic version, called the Interdictor Strike or IDS model, capable of all the above roles mentioned except Interception/Air Defence. This latter task will be allocated to a specialised version, the Air Defence Variant, or ADV, which will be used solely by the RAF.

For the RAF, the Tornado will replace Vulcans, Canberras, Phantoms and Buccaneers in the overland strike, battlefield interdictions, reconnaissance, and maritime strike roles and Lightnings and Phantoms in the air defence role, eventually comprising over half of the RAF's combat front line.

### Transition

For the Luftwaffe, the Tornado will replace F-104 Starfighters in the counter-air, battlefield and interdiction roles, while in the German Navy it will replace also F-104s.

For the Italian Air Force, the Tornado will replace F-104s in the primary roles of air superiority, reconnaissance and support of land and naval operations.

The entire programme is being master-minded by a specialist agency set up by the three Governments concerned, called NAMMO (NATO Multi-Role Combat Management Organisation), which has its own executive body, NAMMA (NATO MRCA Management Agency). This places the contracts for the programme with the manufacturers—primarily Panavia Aircraft, the overall aircraft and systems supervisory company formed by British Aerospace (formerly British Aircraft Corporation) Messerschmitt-Bolkow-Blohm of West Germany and Aeritalia of Italy, which is building the airframe. Panavia is supported by Turbo-Union (comprising Rolls-Royce, Motoren-und Turbinen Union of West Germany and Fiat Aviazione of Italy) on the RB-199-34R engine; Mauser on the two 27mm cannon for each aircraft; and EASAMS (UK), a member of the GEC-Marconi Electronics group, as the electronics prime contractor, supported by ESG of Germany and SIA of Italy.

The Tornado development programme so far has been conducted by nine prototype aircraft, all of which are flying, and six "pre-series" aircraft, of which five have flown so far—the pre-series types being designed to ensure a smooth transition from the development to the full production status of the aircraft. So far more than 2,300 hours of flying have been achieved.

A total of 809 production aircraft is proposed, this figure excluding the nine prototypes and the first two pre-series aircraft. The remaining four pre-series aircraft, however, will be included in the 809, since they will be refurbished for squadron use. The enture Tornado programme, therefore, will involve 820 aircraft of various kinds.

Of the 809 production aircraft, the RAF will be taking 385, of which 220 will be of the basic interdicter-strike and attack (IDS) version and 165 of the Air Defence Variant (ADV). West Germany will be taking 324 IDS aircraft for the Luftwaffe and the Marineflieger German Naval Aviation, while Italy will be taking 100 for the Aeronautica Militaire Italiana.

Production of the aircraft was formally launched in July, 1976, when an initial contract for 40 was authorised by NAMMA, with associate contracts being placed at the same time with Turbo-Union for the RB-199 engines and with Mauser for cannon. In May, 1977, the second production batch of 110 aircraft was authorised, bringing the total to 150. These two batches together will provide 78 aircraft for the RAF, 57 for the Luftwaffe, and 15 for the Italian Air Force.

A further production batch of 164 aircraft is now being negotiated, and the order is expected to be announced almost any day now, bringing total production authorised to 314 aircraft out of the total 809 planned. This new batch will maintain the tempo of production at a high level, and further batches of aircraft will be ordered to sustain the production rate through the 1980s.

On a programme of such magnitude, spread over so many years, it would be surprising if costs had not risen. But it is claimed by Panavia that these increases have in fact been kept to a minimum—apart from the normal effects of inflation in the three countries involved—as a result of a strict control of the entire design, development and manufacturing process.

### Detail

According to Mr. James Wellbeloved, UK Minister of Defence for the RAF, the estimated unit production costs for each Tornado of the IDS version is £9m at September 1978, economic conditions, while that for the ADV Tornado is £10.7m.

This gives an estimated production cost for the 644 IDS aircraft of nearly £5.8bn, with nearly £1.8bn for the 165 ADV aircraft, or a total production cost for the entire programme of about £7.6bn. Figures for research and development costs have never been published in detail, but if these are taken into account, the whole Tornado programme to completion in the mid-to-late 1980s seems likely to cost more than £8bn, spread over the three countries and over a period of more than 10 years.

It would also be surprising if such a programme, spread over three countries enjoying differing economic and industrial conditions, and over such a period, did not slip in time-scale. Tornado has been no exception to this, and it is now no secret that it is running about six to eight months late. This is the result of a variety of factors, including industrial problems in the UK, and some technical difficulties with some parts of the programme in the early stages, especially with the engines. But Panavia is confident that these have now been solved, and that from now on the programme should be maintained at the revised time-scale.

On that basis, the first overall production aircraft is due to fly this summer (about July or August). This will be the BT-1, the first British trainer, which is expected to be delivered to the Tri-National Trials unit at RAF, Cottesmore, Lincolnshire, either later this year or early next. It will be followed into the air by GT-1, the first German trainer, which will fly from the Manching, near Munich, flight test centre of Messerschmitt-Bolkow-Blohm.

By this mid-summer, production should be in full swing, and all three main assembly centres will be delivering Tornados by 1980.

It has been suggested that West Europe should not have embarked on such an expensive venture, but bought U.S. combat aircraft instead. The response is that by building the Tornado, the three countries are not only ensuring their own defence but also maintaining a long-term capability for the future in the design, development and production of complex military aircraft. Of the Tornado's rivals, the U.S. F-14 is more expensive, the F-15 is at least as expensive as the ADV, and as a single seater is regarded as less effective especially in the air defence role while the F-16, although cheaper, is also considered unsuitable for the air defence tasks that the RAF in particular has to meet.

Finally, the possibility of exports cannot be overlooked.

Although both Canada and Australia have rejected the aircraft so far, the three European Governments are entering Tornado for the new U.S. Enhanced Tactical Fighter (ETF) competition to find a new aircraft to fill a gap in the U.S. Air Force's ability to meet air-to-ground combat requirements.

The USAF requirement is for a low-level, all-weather, terrain-following aircraft which the IDS Tornado is ideally fitted to meet. A decision is not expected for some time, but Tornado is believed to stand a good chance of success.

## TORNADO—MRCA II

# Managing the project

TO CONTROL a venture costing more than £8bn spread over more than a decade, involving more than 800 aircraft and three governments and calling on the resources of over 500 companies in the three countries, represents a managerial miracle. It goes far beyond earlier international collaborative ventures in aerospace such as Concorde, big though some of these have been.

It has not been achieved without difficulties, but the management techniques which have been evolved have by any industrial, technical and political standards worked well, and provide a model for future international collaboration in complex military aircraft development.

The three governments also claim that, apart from the normal process of inflation, costs have been kept under strict control, with minimum of escalation arising from such industrial problems and technical difficulties as have emerged, causing a slippage of only six to eight months in the overall programme.

## Attempts

During the 1960s, several independent attempts were made to design and develop a multi-role combat aircraft including, for example, the Anglo-French Variable-Geometry aircraft, which was abandoned when the French withdrew from the venture.

In 1968, the UK, West Germany, Italy, Belgium, Holland and Canada formed a consortium to develop a Multi-Role Combat Aircraft that would meet all their requirements. By November of that year, specifications had been hammered out, but Canada and Belgium withdrew, followed by Holland early in 1969. Nevertheless, those three countries left their mark on the specifications, and Panavia itself says that without their influence at the formative stages, the Tornado probably would have been less of a multi-role aircraft than it is today.

In 1969, the remaining countries—the UK, West Germany and Italy—decided to go ahead alone. Accordingly, they created a new organisation called NAMMO—Nato Multi-Role Combat Aircraft Management Organisation—to mastermind the venture on behalf of the three governments. This is the top policy-making body, reporting directly to the three governments and comprising representatives appointed by them.

NAMMO in turn has its own executive arm, NAMMA (Nato MRCA Management Agency), which is also staffed by specialists from the three governments. Reporting directly to NAMMA (and then to NAMMO) is Panavia Aircraft, effectively the major operating company in the programme, registered in Germany and with headquarters in Munich: set up by the three airframe companies involved—British Aerospace (42½ per cent), Messerschmitt-Bolkow-Blohm (42½ per cent), and Aeritalia of Italy (15 per cent). NAMMA and Panavia share the same building in Munich, and as a result communication between them is good, with day-to-day working relationships at all levels.

This form of centralised control has worked well, showing a definite improvement over past collaborative arrangements, and it is claimed particularly to have been a contributory factor to the control of programme costs.

Panavia itself is directly responsible for the entire aircraft—airframe, engines, guns, related systems, equipment and product support—so that it is to Panavia that all the other groups involved are in turn responsible including particularly Turbo-Union on the RB-199-34R engines (comprising Rolls-Royce, Motoren-und-Turbinen Union and Fiat Aviazione); Mauser, which is responsible for the 27mm cannon being specially developed for Tornado; and EASAMS (UK), on the avionics.

Throughout the aircraft design and development, the programme has been subjected to checks at frequent intervals, at which the three governments have studied not only technical progress but also the ability of the companies concerned to keep to costs. At the time of any check during the development phase any of the three governments has had the right to withdraw, and the fact that they have not done so is indicative both of their recognition of the long-term need for Tornado in the NATO armoury and their approval of this carefully-structured programme of co-operation.

Production of the Tornado is based on the principle of "single source" output of each main component—that is each of the many companies in the three countries has its contract to make its parts for all the aircraft, no matter for which country they are eventually destined. But there are three final assembly lines, one in each country (at Warton, Lancashire, for the UK, at Manching near Munich for West Germany, and Caselle, near Turin, for Italy).

Thus, Aeritalia is designing and building the wings, British Aerospace the front fuselage, rear fuselage and tail unit, and MBB the centre fuselage and wing carry-through box. These sub-assemblies are then shipped between the partner countries, to the three assembly lines. Division of the work is in proportion to the country's total order for the aircraft.

More than 200 direct subcontractors in the three parent countries are working on the components, equipment and avionics, and these have sub-let work in turn to 300 other companies, so that more than 500 companies are involved on the Tornado.

The Air Defence Variant, so far intended solely for the UK, will be 80 per cent the same as the basic strike IDS Tornado. As a result, much of the ADV will be built by the same companies working on the IDS version. The main differences will be that in the ADV there will be a Marconi-Avionics "air intercept radar" to replace the "terrain following and ground mapping radar" of the IDS, and an extended fuselage to accommodate the Skyflash air-to-air missile.

There will also be some differences in avionics displays in the cockpits, while a flight-refuelling probe will be built in as a retractable installation, replacing one of the two Mauser cannon in the IDS version.

The entire Tornado programme, at its peak, is expected to be employing 10,000 workers in British Aerospace, more than 6,000 at Rolls-Royce and 8,000 in the equipment, avionics and component companies, with indirect work for another 12,000 in ancillary suppliers—a total of about 36,000 in the UK alone. A similar number will be employed throughout West Germany and Italy, so that the Tornado collectively will employ more than 70,000 workers for much of the coming decade.

## Techniques

One of the benefits accruing from this organisation is that already substantial progress has been made in Western Europe in refining techniques of standardisation for the design, development, production support and overall management of advanced weapons systems. This is expected to prove invaluable in the years ahead, as and when Panavia moves beyond the Tornado to other major military aircraft ventures.

While nothing is settled yet, it is widely known that the UK and West Germany are already exploring the possibilities of developing jointly an aircraft known in the UK as AST-403, which would be a "Jaguar-Harrier replacement," with possibly also some cooperation from France. If such a development were to go ahead, Panavia would be the logical organisation to undertake the work.

# Engine programme

IN THE same way that the airframe for the Tornado is being developed by the three-nation Panavia consortium, the engine for the aircraft, the RB-199-34R, is under development by a consortium called Turbo-Union, comprising Rolls-Royce in the UK, Motoren-und Turbinen Union in West Germany, and Fiat Aviazinone in Italy.

This consortium was formed in September, 1969, to combine the resources of the three companies on the engine programme, which in terms of design, development and production represents the largest collaborative military engine programme ever undertaken in Western Europe.

The production requirements of the three partner countries are in excess of 2,000 engines, discounting any potential exports, and to date firm orders by the customer governments amount to 600 engines, shortly to be increased when the next batch of 164 Tornado aircraft is firmly ordered, requiring at least another 328 engines. The value of the engines for the total Tornado production programme of 809 aircraft is expected to be well in excess of £2bn including initial spares, while over the in-service life of the aircraft of some twenty years the total is likely to be much more than that.

The RB-199-34R is an entirely new engine to meet the needs of an entirely new aircraft. It is a small, light, three-shaft power unit with a "dry thrust" of about 8,000 lbs but a "reheated thrust" of more than 15,000 lbs. The development programme has reached the stage where all 16 bench-test engines have been built, together with more than 50 engines for the flight development programme. In all, RB-199s to date have logged more than 23,000 running hours in the air and on the ground.

The engine, with its high thrust (power output) with reheat, is designed to be capable of agile combat manoeuvrability at great heights, with rapid acceleration to speeds faster than sound, while at the same time having a low fuel consumption to enable it to cruise for long periods at low heights without using the reheat. At the same time, the design requirement called for a moderate first cost, and economic maintenance and overhaul costs during the anticipated long in-service life of the engine.

This was a challenging design concept, which has tested the military engine skills of the three partner companies to the utmost.

The result is what is claimed to be one of the most efficient military aircraft power-plants available in the world today, which will be capable not only of further development to meet derivatives of the Tornado aircraft as it moves through its service career, but also for any other new types of military aircraft that may emerge in the years ahead. The RB-199, in fact, like other major civil and military engines now available or under development in the U.S. and Western Europe, is designed to be the nucleus of a "family" of engines for a wide range of military aircraft tasks.

A feature of the engine design, for example, has been the use of a limited number of components—achieved by using advanced manufacturing techniques such as electron beam welding, electrochemical plating, plasma spraying and welding, and so on. This, together with "modular" construction — the extensive use of easily replaceable units—will reduce overhaul costs, and cut down the time taken on repairs and overhauls in front-line service.

The scale of the RB-199-34R programme requires the testing of a large number of engines on a wide range of test facilities, embracing Government establishments and those of the three partner companies in Turbo-Union. Apart from a converted Vulcan bomber flying test-bed, which during its programme (now completed) carried an exact replica of half of the Tornado fuselage, eight sea-level test beds are used for bench development work—four in the UK, three in Germany and one in Italy.

Production work on the engine is divided between the three companies in Turbo-Union, with completed parts being shipped between them for incorporation on the three-engine assembly lines, located at Patchway, near Bristol, at MTU's Munich factory, and at the Turin plant of Fiat. The only duplication that is undertaken is the assembly and test of production engines.

Each company is making its allocated parts for all the RB-199-34Rs. Rolls-Royce is working on the low-pressure compressor, the combustion system, high pressure turbine, turbine casing, reheat system, and jet pipe liner.

MTU is working on the intermediate pressure compressor, the high pressure compressor, the intermediate casing, the intermediate pressure turbine and shaft, the bypass duct, thrust reverser and gear-box.

Fiat of Turin is working on the low-pressure turbine and shaft, the exhaust diffuser and the jet pipe and nozzle.

From first test-bed running in September, 1971, the engine development work was rapid, and the first flight of the first (01) version of the engine in a Vulcan flying test bed was achieved in April, 1973. Later variants of the engine have progressively incorporated improvements, and the latest (04) development version, which corresponds to the production standard engine, has now entered the flight test programme.

Last November, a major milestone in the engine programme was passed with the completion of the officially-observed 150-hours test run required for the formal qualification of the engine's performance. This cleared the RB-199-34R engine for service in production aircraft for the three air forces, and production engines are now being built under contract.

At the same time, the engine consortium has been given a three-year follow-on contract by NAMMA to eliminate remaining snags and in which new targets have been set for improved thrust, lower fuel consumption and weight, and reduced cost and longer overhaul lives, so as to ensure that the RB-199-34R can keep up with the rapid pace of development of military aero-engine technology.

# Avionics among the most complex

ADVANCED military air- is basically a weapons- ry system, the airframe ngines together compris- he flying platform from those weapons—missiles n or bombs, or all three— directed towards their s.

ıs the heart of any mili- aircraft effectively is its cs system, and in the do this is among the most ex of any military aircraft today. These airborne onics and associated ıs will enable the Tornado brought sufficiently close e target to enable the ns load to be unleashed naximum accuracy, either or in visual conditions by or night and in all ers.

avionics system, there- covers a vast range of including navigation, ns aiming and delivery, atic flight control, com- ations, identification, ive aids, recording and ut and monitoring of s. The workload in the t is shared between the n crew. During the l phases of target acquisi- nd attack, the pilot is ed in accurate flying, search for the target, lso in some cases visual ns aiming, while the navi- is involved in initial location and weapons , using the ground-map- adar.

## mputing

main contractor to a for the design, develop- integration and manage- of the avionics package oth the IDS and ADV o is EASAMS of the member of the GEC- ni Electronics Group. In ance with the work-shar- principles of the pro- e, EASAMS is associated Elektronik-System Gesell- of West Germany (ESG) ocieta Italiana Avionica of Italy. The work this undertakes includes s systems for navigation ting and software, dis- and controls, automatic guidance, weapons aiming elivery, communications lentification and overall s support.

e three companies have formed two tri-national engineering teams—the Central Design and Management Team, based at EASAMS' head-quarters at Camberley, Surrey undertaking avionics system design, development and management, and the International Software Team, based in Munich and providing the software for the avionics systems and special development purposes.

Under different organisational arrangements, EASAMS is also undertaking the design, development and integration of the avionics system for the UK's specialist ADV Tornado. In all, more than 50 avionics companies are involved in the overall Tornado programme.

## Autopilot

One of the major contributors to the entire avionics programme is another GEC-Marconi Electronics Group company, Marconi Avionics, which is providing no less than 17 systems, including two ground-based systems, and four for the ADV alone.

These include the autopilot and flight director system, and what is known as the "Fly By Wire" system (whereby the *aircraft's flying controls* are governed electronically).

For the ADV Tornado, Marconi Avionics, in association with Ferranti, is developing the Airborne Interception Radar, which will be able to detect fast-moving targets accurately at great distances. This, coupled with the Tornado's ability to loiter for long periods while on combat patrol, will ensure for the ADV a considerable improvement in overall air defence capability over current types of fighter aircraft.

Other Marconi Avionics equipment in the ADV includes the Visual Augmentation System, which will enable the crew to see far ahead more clearly than is possible with the unaided eye. For all Tornadoes, the automatic test system, which is being developed in conjunction with such other companies as Siemens and Rohde and Schwarz of West Germany, Selenia of Italy and British Aerospace, represents Europe's biggest requirement for automatic testing of any sort.

A special feature of the IDS version of the aircraft will be the ground-mapping and terrain-following radar, developed by Texas Instruments of the U.S. This will provide the navigator with a radar picture that he can superimpose on a map of the area, to enable him to make navigational position fixes in blind conditions. Air-to-air search, target acquisition and "lock-on" capabilities are also provided, together with air-to-air and air-to-ground ranging capabilities. This terrain-following equipment will enable the aircraft to fly at high speed as low as 200 ft above the ground, safely avoiding all obstacles in its path.

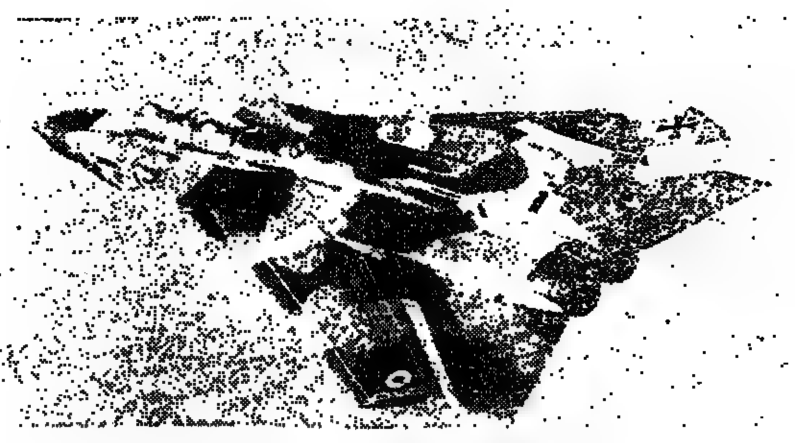
This Texas Instruments terrain-following and ground-mapping equipment is to be produced in Europe by six companies, each building specific parts. The radars will be assembled in three countries by AEG Telefunken in Germany (which will also be prime contractor co-ordinating the European programme for this equipment): Ferranti in the UK, and CGE-FIAR in Italy. The three other companies associated with this aspect of the Tornado are Marconi Avionics in the UK, Siemens in West Germany and Aster Electronica in Italy.

## Attacks

To permit attacks in rapid succession on multiple targets, the ADV's radar will include a "Track-While-Scan" facility so that the crew can get computer assistance in determining the most effective sequence of targets and steering towards them.

Another item of equipment will be what is called a Tactical Planning Format. With this, the crew will be able to carry out what is called "threat analysis," studying various attack methods and decide on the best weapons "mixes" to use in each attack.

These are only some of the many avionics systems incorporated in the aircraft, that will help to make it one of the most formidable and advanced combat aircraft available throughout the 1980s.



*A prototype of the Tornado-MRCA on a test flight*

# Keystone of RAF's front-line force

THE TORNADO is the keystone of the RAF's front-line re-equipment programme for the 1980s. By the end of the decade the RAF will have received it full quota of 385 aircraft, making up about one-half of its total front-line force, the rest comprising such types as Jaguar strike aircraft and Harrier vertical takeoff aircraft (although by then it is hoped that a new Jaguar-Harrier replacement will itself be on the way for service in the 1990s).

The Tornado, with its very advanced avionics, will give the RAF a greatly improved capability by day and night in all weathers, and the Chief of the Air Staff, Air Chief Marshal Sir Michael Beetham, has said that in particular its ability to fly and fight by night in bad weather "will be better than anything the RAF—or indeed any other NATO air force apart from the USAF—has ever had before."

The 385 RAF aircraft will be divided as to 220 Interdictor-Strike (IDS) aircraft (called GR-1s by the RAF), and 165 of the Air Defence Variant (ADV), called F-2s.

The basic IDS version of the Tornado will enter service next year and will be taking over the present offensive front-line commitments borne by the Vulcans, Canberras, Phantoms and Buccaneers in the overland strike, reconnaissance, maritime strike and battlefield interdiction roles. This will mean that in war the aircraft would be used primarily to support NATO in the overland role in Central Europe and on the flanks in support of the Supreme Allied Commander, Europe, and over the Eastern Atlantic in support of the Supreme Allied Commander, Atlantic.

## Emphasis

Its primary role would be counter-air operations against Warsaw Pact airfields, penetrating at high speed (often supersonic), and very low to attack enemy airfields, communications, supply depots and other facilities, while also providing direct support for the land forces on the battlefield by supplementing Jaguars and Harriers in a close air support role, thereby effectively extending the battle into the hours of darkness and bad weather.

The RAF has placed particular emphasis upon this night and bad-weather capability for its future strike-attack aircraft. At sea, the aircraft will be required to attack enemy surface ships over extended ranges from land bases.

The IDS aircraft would be required to operate at very low level—say about 200 feet above the ground, often flying blind and at supersonic speed both on the way into the target and on the way back. This is why such considerable emphasis has been placed on the aircraft's avionics systems, which are among the most advanced of any combat aircraft in the world today. For these overland and maritime tasks, the IDS will be able to carry two 27mm Mauser cannon and a wide range of other weapons loads, including bombs and missiles.

In particular, the IDS is expected also to be equipped with what the CAS Sir Michael Beetham has called "a revolutionary new weapon, JP-233, designed by the British and now being developed with the Americans, for use against enemy airfields," while this year's Defence White Paper suggested that a decision may be taken soon to develop a new anti-ship, sea-skimming missile, the P3T, also for eventual use by Tornado.

In its interception and air defence role, the ADV Tornado, although having 80 per cent common, will be slightly different from the IDS. It will have a Marconi Avionics "Air Interception Radar," for example, in place of the mapping and terrain-following radar of the IDS version, and it will have its fuselage extended to accommodate the Skyflash air-to-air missile and long-range fuel tanks. There will also be some differences in the avionics displays, and flight-refuelling equipment will be built into the aircraft. VC-10 and Victor long-range tankers will support the ADV.

The task for the ADV will be to fly for out into the North Atlantic searching out at long distances any approaching enemy bombers trying to sneak in unobserved at high altitude to attack either the UK itself or the coastline of Western Europe. The range of the Soviet Union's supersonic Backfire bomber is sufficiently great to enable it to fly in a great arc out of the northernmost parts of the Soviet Union, swinging round over Iceland or Greenland down into the shipping lanes of the North Atlantic, and on to the UK and Western Europe.

The ADV is designed to loiter some 400 miles out over the North Sea or Eastern Atlantic, to detect and identify intruders at distances of more than 100 nautical miles, and destroy them at "stand-off" ranges in excess of 35 nautical miles with its Skyflash and Sidewinder air-to-air missiles. In addition to four Skyflash and two Sidewinders, each ADV will carry one Mauser cannon.

## Response

It is for all these widely varying roles that the Tornado has been equipped with "swinging wings," otherwise called "variable geometry." With its wings in the forward position, the aircraft will be able to take off and land normally from conventional airfields or dispersed strips up to 3,000 feet long. By varying the backwards "sweep" of the wings, long-range and high manoeuvrable "loiter" capabilities can be achieved; while for high-speed fligh at great heights or low level, the wings can be fully swept back. Especially at low level, this wing configuration also provides a low "gust response," which means a smooth ride for the crew, thus maintaining their fighting efficiency for much longer periods than has been possible in other high-speed, low-level combat aircraft.

The three air forces have been preparing for the Tornado for a long time past. A Tri-national Tornado Training Establishment (TTTE) is being set up at the RAF Station, Cottesmore, Lincolnshire, and although the first aircraft will not be delivered there until later this year or early in 1980, already the training staff are working out the syllabuses for "operational conversion"—training experienced crews on other aircraft to fly the Tornado.

This unit will be equipped with aircraft and instructors from all three nations, but the RAF will be providing the base facilities and logistics support for the entire unit. The aim is to prepare instructors and crews for the initial aircraft that will be going to the squadrons in 1980. Weapons training for the RAF and Luftwaffe will be carried out at RAF Honington.

## WORLD STOCK MARKETS

# Mixed Wall St. appearance at mid-session

**INVESTMENT DOLLAR PREMIUM**
**$2.60 to £1—65¾% (74%)**
**Effective $2.0315 29¾% (36%)**

AFTER SLIGHTLY extending Tuesday's downward trend, Wall Street picked up to make a mixed showing at mid-session following another active trade.

The Dow Jones Industrial Average was just 0.26 off at $850.05 at 1 pm, after an initial

**Closing prices and market reports were not available for this edition.**

fresh reaction of 2.34. The NYSE All Common Index was a net 1 cent easier at $56.44, after $56.37, while rises and falls at mid-session were about evenly matched. Trading volume expanded to 21.09m shares from Tuesday's 1 pm level of 91.15m.

Analysts attributed the early softness to fresh profit-taking and part to remarks by presidential inflation adviser Alfred Kahn on Tuesday that many businesses are not assuming their full responsibility in the fight against inflation.

Oil shares were among the most heavily traded, with prices narrowly mixed following strong gains in recent sessions.

Gaming issues attracted renewed support, with **Del E. Webb** rising 1⅛ to $22¾, **Bally Manufacturing** ⅞ to $65⅞ and **Caesars World** 1½ to $59. **Resorts International "A"** hardened ⅛ to $52¾ on the American stock exchange.

Elsewhere, **Celanese** advanced 1¾ to $45⅝, **Burroughs** 1⅛ to $69½, **Data Terminal Systems** 1⅛ to $43¼, **SCM** 1¾ to $22, **Fairchild Camera** ¾ to $36⅞, **Rolm** 2¾ to $64⅞ and **American Broadcasting** ¾ to $33¾.

THE AMERICAN SE Market Value Index managed an improvement of 0.50 to 173.52 at 1 pm. Volume 2.82m shares (2.12m).

**Allied Artists** moved ahead 1¾ to $4 in active trading.

## Canada

Markets retained an easier tendency in fairly active early dealings yesterday, following the recent buoyant performance.

The Toronto Composite Index was a marginal 0.7 off at 1,437.4 at noon, while the Metals and Minerals index retreated 9.8 to 1,288.7. Papers shed 0.58 to 161.93 and Oils and Gas 1.8 to 2,122.4, but Golds rose 9.9 further to 1,558.9 and Banks rallied 0.27 to 304.92.

Among Metal issues, **Alcan Aluminium**, C$43⅞, and **Inco**, C$23⅞, shed ⅛ apiece, while **Falconbridge Nickel "A"** lost ⅛ to C$48¼ and **Noranda "A"** ⅛ to C$44⅛.

The Communications index was sharply lower as **Thomson Newspapers "A"** gave up ⅞ to C$16⅞ and **Canadian Cablesystems "A"** ¼ to C$20.

**HCI Holdings**, which raised its dividends and plans an extra payout, gained ⅞ to C$12.

## Tokyo

The market was closed yesterday for the Vernal Equinox holiday.

## Germany

Shares generally drifted easier in listless trading, leaving the Commerzbank index 3.7 off at a 1979 low of 783.0.

**Commerzbank** shed DM 1.30 following Tuesday's announcement of higher profits and plans to raise new capital through a mark convertible bond and a dollar option bond. **Deutsche Bank** surrendered DM 2.

In Chemicals, **Hoechst**, which reported increased 1978 profits but warned that business is overshadowed by uncertainty on raw material markets, lost 50 pfennigs. **Bayer** lost DM 1.20.

Among Machine Manufacturers, **Babcock** fell DM 4.00, while **KHD** and **Linde** each declined DM 2.50, and **Mannesmann** receded DM 2.30.

In Motors, **Volkswagen** lost DM 3.50, **Daimler** DM 2.50 and **BMW** DM 2.10.

**Kauhof** retreated DM 2.50 to lead the downtrend among leading Stores, **Horten** shed DM 1.50 and **Karstadt** DM 1.30.

In Utilities, **VEW** dipped DM 2 and **VEBA** DM 1.20.

**Brown Boveri** put on DM 1 in Electricals, but **Siemens** lost DM 2.

In the Domestic Bonds sector, Public Authority issues lost up to 25 pfennigs more, with the Bundesbank purchasing DM 2.8m nominal of stock (DM 3.3m). Mark foreign Loans were steady to firmer.

## Paris

Bourse employees continued their wages strike yesterday, but brokers resumed quotations of forward market shares using the special procedure. The Financial Times list of Paris shares has been updated with these share quotations.

Prices showed a generally firm tone, with **Michelin** up FFr 30 at FFr 1,040, **Roussel Uclaf** FFr 34 higher at FFr 398 and **L'Oreal** FFr 13 stronger at FFr 692.

The Brokers' Association said that it has decided to prolong the accounting month for forward shares because of problems caused by the strike.

## Australia

Stocks were predominantly lower on increased profit-taking, and the Sydney All Ordinary index, which hit a new six-year peak of 597.68 on Monday, reacted a further 5.99 to 589.86 yesterday.

**BHP** receded 20 cents more to A$11.30, while among Oils, **Ampol Exploration** shed 5 cents to A$1.63 and **Woodside** 4 cents to 83 cents.

In the Minings sector, **MIM** retreated 11 cents to A$3.17, **Consolidated Goldfields** 10 cents to A$3.95, **Western Mining** 6 cents to A$2.35, **Bougainville Copper** 7 cents to A$1.85 and **Pancontinental** A$1.00 to A$13.00.

Several Coal issues, however, gained further ground. **Coal and Allied** rose 10 cents to A$5.40, while improvements of 5 cents were registered by **Howard Smith**, A$4.80, **Utah**, A$4.95, and **White Industries**, A$3.75.

**Australian National Industries** slipped 5 cents to A$1.65 and **Pioneer Concrete** 3 cents to A$1.46, while in Retailers, **G. J. Coles** declined another 5 cents to A$2.10.

Takeover target **Kelvinator**, however, rose 6 cents more to A$1.81 in active trading, while **Email**, which is bidding A$1.61 cash for each Kelvinator share, closed unchanged at A$1.10.

## Hong Kong

Share prices mainly declined on profit-taking in moderate, nervous trading on the weakness of the Hong Kong dollar. The Hang Seng index closed 6.52 down at 552.87.

Some investors were expecting an emergency meeting of the Exchange Banks to be called to raise local interest rates in support of the currency.

**Hong Kong Bank** lost 20 cents to HK20.10 and **Hang Seng Bank** HK$2.00 to HK$206.00, while in Properties, **Hong Kong Wharf** receded 25 cents to HK$34.75, **Hong Kong Land** 20 cents to HK$7.80, **Sun Hung Kai Properties** 20 cents to HK$8.95 and **Cheung Kong** 20 cents to HK$11.00.

**East Asia Navigation** shed 5 cents in HK$4.55 and **Green Island Cement** 50 cents to HK$33.75.

**City and Urban**, however, hardened 1 cent ahead of its results, announced after the market close.

## Johannesburg

Gold shares eased in another quiet trade in line with Bullion indications.

Mining Financials were mixed in thing dealings. Copper also moved irregularly, with **Messina** adding 5 cents at R1.70 but **Mangula** shedding 3 cents to R1.60. Platinums had **Lydplats** 5 cents lower at R1.73. Coal shares were firmer on light volume, but Industrials failed to establish a decided trend in subdued trading.

## Switzerland

The market closed mixed to easier after sharply reduced volume.

Dealers said investors remained reluctant to make fresh purchases because of the continuing weaker trend in Domestic Bond prices.

**Ciba Geigy** receded 25 to SwFr 1,235, and **Alusuisse** 20 to SwFr 1,440, but **Sandoz** rose 75 to SwFr 4,275 and **Interfood "B"** 80 to SwFr 4,280.

## Milan

The market was broadly higher in fairly active trading at the start of the new Account.

**Snia Viscosa** advanced 22 to L1,048, **Pirelli** 64 to L1,920 and **Fiat** 69 to L2,840.

## Brussels

Firmer-inclined in moderate activity.

In Non-ferrous Metals, **Vieille Montagne** rose 45 to BFr 1,855.

**Cobepa** gained 22 to BFr 1,092 among Holding companies on an increased dividend.

## Amsterdam

There was a slight bias to lower levels.

**OCE-Van der Grinten** declined Fl 4.20 to Fl 168 and **Van Ommeren** Fl 4 to Fl 168.

**Wereldhave**, however, gained Fl 0.70 on higher 1978 profits and plans for expansion abroad.

State Loans were steady.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

## Indices

## NEW YORK

## CANADA

## GERMANY ♦

## TOKYO ¶

## AUSTRALIA

## STOCKHOLM

## OSLO

## JOHANNESBURG

## AMSTERDAM

## BRUSSELS/LUXEMBOURG

## SWITZERLAND ♦

## PARIS

## COPENHAGEN ♣

## MILAN

## VIENNA

## BRAZIL

## SPAIN ♥

## EUROPEAN OPTIONS EXCHANGE

## BASE LENDING RATES

| | |
|---|---|
| A.B.N. Bank | 13 % |
| Allied Irish Banks Ltd. | 13 % |
| Amro Bank | 13 % |
| American Express Bk. | 13 % |
| A P Bank Ltd. | 13 % |
| Henry Ansbacher | 13 % |
| Associates Cap. Corp. | 14 % |
| Banco de Bilbao | 13 % |
| Bank of Credit & Cmce. | 13 % |
| Bank of Cyprus | 13 % |
| Bank of N.S.W. | 13 % |
| Banque Belge Ltd. | 13 % |
| Banque du Rhone et de la Tamise S.A. | 13½% |
| Barclays Bank | 13 % |
| Bremar Holdings Ltd. | 14 % |
| Brit. Bank of Mid. East | 13 % |
| ■ Brown Shipley | 13 % |
| Canada Perm't Trust | 13 % |
| Cayzer Ltd. | 13 % |
| Cedar Holdings | 13 % |
| ■ Charterhouse Japhet | 13½% |
| Choulartons | 13 % |
| C. E. Coates | 13 % |
| Consolidated Credits | 13½% |
| Co-operative Bank | *13 % |
| Corinthian Securities | 13 % |
| Credit Lyonnais | 13 % |
| The Cyprus Popular Bk. | 13 % |
| Duncan Lawrie | 13 % |
| Eagil Trust | 13 % |
| English Transcont. | 13½% |
| First Nat. Fin. Corp. | 14 % |
| First Nat. Secs. Ltd. | 14 % |
| ■ Antony Gibbs | 13 % |
| Greyhound Guaranty | 13 % |
| Grindlays Bank | ‡13 % |
| ■ Guinness Mahon | 13 % |
| ■ Hambros Bank | 13 % |
| ■ Hill Samuel | §13 % |
| C. Hoare & Co. | †13 % |
| Julian S. Hodge | 14 % |
| Hongkong & Shanghai | 13 % |
| Industrial Bk. of Scot. | 13½% |
| Keyser Ullmann | 13 % |
| Knowsley & Co. Ltd. | 14½% |
| Lloyds Bank | 13 % |
| London Mercantile | 13 % |
| Edward Manson & Co. | 14 % |
| Midland Bank | 13 % |
| ■ Samuel Montagu | 13 % |
| ■ Morgan Grenfell | 13 % |
| National Westminster | 13 % |
| Norwich General Trust | 13 % |
| P. S. Refson & Co. | 13 % |
| Rossminster | 13 % |
| Royal Bk. Canada Tst. | 13 % |
| Schlesinger Limited | 13 % |
| E. S. Schwab | 14 % |
| Security Trust Co. Ltd. | 14 % |
| Shenley Trust | 15 % |
| Standard Chartered | 13 % |
| Trade Dev. Bank | 13 % |
| Trustee Savings Bank | 13 % |
| Twentieth Century Bk. | 14 % |
| United Bank of Kuwait | 13 % |
| Whiteaway Laidlaw | 13½% |
| Williams & Glyn's | 13 % |
| Yorkshire Bank | 13 % |

■ Members of the Accepting Houses Committee.
* 7-day deposits 10½%, 1-month deposits 10¾%.
† 7-day deposits on sums of £10,000 and under 10½% up to £25,000 11% and over £25,000 11¼%.
‡ Call deposits over £1,000 10½%.
§ Demand deposits 11%.

# COMMODITIES and AGRICULTURE

# UK may change tactics to win pigmeat subsidy cuts

BY CHRISTOPHER PARKES

MR. JOHN SILKIN, Minister of Agriculture, hinted yesterday that he may have to join forces with the French and Italians in an attempt to force changes in the structure of monetary compensatory amount subsidies on pigmeat exports from Denmark, Holland and West Germany.

He admitted to a Commons committee on EEC legislation that his efforts to win changes had produced few results, and accused the EEC Commission of promising action and studies without ever coming up with "the goods."

The Commission was working on yet another study, he said. "And I am willing to suggest that this one will be as useless as all the others."

Britain seeks changes in the MCAs because of the over-generous subsidies they give to Danish and Dutch bacon shippers to the detriment of British curers.

The French and Italians have been suffering similarly with imports mainly of livestock and pork.

The Minister also told the committee that the Community and the British dairy industry were being "short-sighted" in trying to drive New Zealand out of the UK dairy market.

"New Zealand has to live in the world. It has to sell its produce," he said.

If it did not it would not have the foreign exchange to buy European industrial goods.

Mr. Silkin was answering questions on the Commission's farm price proposals which will be taken up again next week by the council of ministers.

Meanwhile, with the issue of the promised Green Pound devaluation still in doubt and the question of new consumer subsidies unresolved, the British butter market has dried up.

Manufacturers said sales were almost at a standstill. Mr. Roger Mathews, executive director of Express Creameries said yesterday that with the two major issues hanging fire no one was prepared to buy before the decision.

He said he believed the Commission plan for a consumer subsidy of £380 a tonne—a quarter to be paid from the national exchequer and the rest from the farm fund—would be rejected by Mr. Silkin.

# Metals boom may end soon

BY JOHN EDWARDS, COMMODITIES EDITOR

THE CURRENT boom in base metal prices is likely to be short-lived.

That is the "bearish" view taken by the Amalgamated Metal Corporation in its 1978 review of the non-ferrous metal markets, out yesterday.

Although the main report was written in December, an updated foreword written this month says that the base metal boom "cannot continue in other than the immediate fuure."

I adds: "Economic activity in the world must trend downwards. Higher oil prices must dampen any industrial revival in Europe and exacerbate the coming recession in the U.S."

The report says the deterioration in Iran and domestic monetary policy in America are responsible for the price of base and precious metals escalating beyond levels previously thought likely.

They had resulted in currency instability and a general flight from "paper" currencies to metals. But the stoppage of Iranian oil output would almost certainly cause shortages and a slowing of world economic activity.

Reviewing the outlook for individual metals, the report predicts that the buffer stock manager of the International Tin Council will again be acquiring metal in 1979 to support prices.

It calculates that even without releases of surplus tin from the U.S. strategic stockpile, total western world supplies at 185,000 tonnes will exceed consumption by 9,500 tonnes. This is allowing for net exports of 5,000 tonnes to Communist bloc countries.

Western world supplies of copper are also expected to exceed consumption this year. Refined output is put at 7,170,000 tonnes, while demand is forecast to fall marginally to 7,020,000 tonnes.

Aluminium supplies in the West are predicted to rise to 12.48m tonnes exceeding consumption by 240,000 tonnes.

Deficits in supplies are forecast for lead and zinc. Net exports to Communist bloc countries of 100,000 tonnes of lead will cut western world supplies to 3,100,000 tonnes against predicted consumption of 3,230,000 tonnes.

Although zinc supplies are forecast to rise by 323,000 tonnes to 4,430,000 tonnes, demand is expected to be marginally higher at 4,440,000 tonnes.

Silver prices are expected to be volatile ranging between $5.50 to $7 an ounce this year. But the report says silver could rise appreciably higher if the U.S. decidest o go ahead with using silver batteries for the proposed new land-based missile, known as the MX system, which could require up to 160m ounces.

# Copper prices advance

COPPER PRICES advanced strongly on the London Metal Exchange yesterday touching the highest levels for nearly five years in late trading.

Cash wirebars closed £12 up at £1,022 a tonne, just below the year's peak earlier this month, but values moved further ahead on the late kerb.

The market eased in early trading on reports that the Peruvian copper mines strike may be settled soon. But prices then rose sharply following an upward trend in New York. Dealers said a two cents rise in the Asarco cathode price to 97 cents a lb was one factor behind the rise.

Also encouraging the increase in copper was a steep rise in LME aluminium prices to record levels. Cash aluminium gained £19.25 to £771 a tonne.

Tin prices ended lower despite the trend in other metals

# 'Rigging' reports denied

By Our Commodities Editor

WISCOPE, the Swiss-based commodity trading subsidiary of the Guinness Peat group, denied yesterday that it had been accused of any price rigging on the New York coffee and sugar exchange or elsewhere.

A spokesman for the company in Lausanne said that contrary to the impression given by some reports, the only issue with the U.S. Commodity Futures Trading Commission was over a conflict of laws affecting a routine request for information.

Wiscope was advised, the spokesman explained, that disclosure of the information requested by the CFTC without the consent of its clients would be a breach of the Swiss criminal code involving possible imprisonment.

Talks had subsequently been held between the Swiss Government and the CFTC. Wiscope, the spokesman, said was conducting negotiations with the CFTC on all outstanding issues.

Meanwhile the company successfully applied for a temporary stay of the CFTC order banning it from trading in the U.S. markets and a further application is being made for a permanent stay.

U.S. Futures Drama, Page 4

# Olive oil pact talks begin

GENEVA — Olive oil trading countries, mainly from Western Europe and the Mediterranean basin, began talks on a new international olive oil pact here yesterday.

The 20 are members of the 1963 Olive Oil Pact which has been extended several times and runs out at the end of this year. It is a consultative agreement without economic provisions.

Olive oil is one of the commodities the U.N. Conference on Trade and Development (UNCTAD) proposed should be included in an overall market stabilisation programme to be financed by the proposed common fund. Olive oil talks are also held under UNCTAD auspices.

The proposed new agreement, like its predecesor, is centered mainly on market assessments by the Olive Oil Council and on promoting consumption

WORLD FOOD

# Hunger still a threat despite bumper crops

BY BRIJ KHINDARIA IN GENEVA

THE SPECTRE of hunger hangs over the world's poorest nations this year despite last year's bumper cereal harvests.

This is because of the international community's failure so far to establish a co-ordinated system of reserve stocks to meet expected food shortages.

The latest blow to hopes of averting widespread hunger was dealt in Geneva last month when a negotiating conference failed to conclude a new-style arrangement to stabilise the world's vital wheat market, and to conclude a separate food aid convention.

The International Wheat Council is meeting to renew the existing Wheat Agreement and work out details of a new Food Aid Convention.

The problem of food security was highlighted at the wheat conference in Geneva by a representative of the UN Food and Agriculture Organisation, who warned that the conference's failure left the world "no better prepared than it was six years ago to prevent a world food crisis which, history shows, could quickly recur despite the apparent comfortable size of present world stocks."

The FAO's suggestion now is that the world's richer nations should voluntarily build up the stocks that they offered to hold as part of the abortive wheat deal. These nations should also help developing countries to set up minimum national or regional food reserves, thus providing fall-back positions in times of food crises.

Earlier international discussions in UN forums set the yearly minimum target for food aid at 10m tonnes of cereals. FAO officials estimate that this figure will have to be raised to at least 15m tonnes to meet the increasing need of the world's poorest nations in the 1980s.

But the offers indicated by donor countries during the negotiations for a new food aid convention barely reached 8m tonnes. And even those offers are not valid now because of failure to conclude a new agreement.

The experts cite FAO figures received here estimating that the total cereals imports of the world's 46 poorest countries will reach 18m tonnes this year. Two million tonnes higher than actual imports in 1977/78.

## Abnormal

As of February 1979, the FAO listed 13 developing countries —11 in Africa and two in Asia —as affected or threatened by "abnormal food shortages" mainly as a result of crop failures in 1978. Countries where the food situation is most difficult are Ethiopia, Vietnam and Zaire.

The FAO has also warned that cereal crop conditions are unfavourable in 18 countries this year mainly because of droughts and floods which have reduced plantings or destroyed standing crops.

A first FAO forecast for this year puts world wheat and coarse grains production at 1,145m tonnes—about 4 per cent below the record level of last year.

Except for a few areas, crops already planted in the northern hemisphere are in average condition, and the outlook for spring plantings also seems normal. But 1979 world production should decline modestly because of the continuing tendency for some exporting countries to limit the area under cereals, and some drought damage to coarse grain crops in parts of the southern hemisphere.

Some northern hemisphere countries, particularly the Soviet Union and China, also planted smaller areas with winter grains this season because of unfavourable weather conditions at sowing time.

Total cereal stocks outside the Soviet Union and China at the end of the 1978-79 season are forecast to reach 205m tonnes, an increase of 26m tonnes, or 15 per cent, over the previous season.

Stocks at that level would be equivalent to 21 per cent of annual consumption in the countries concerned and would seem to be enough to ensure a minimum degree of food security. But their concentration in a few exporting countries might result in their not reaching stricken areas on time and in sufficient quantities.

According to the FAO, desert locusts continue to threaten agriculture and grazing in some 50 countries in Western, Northern and Eastern Africa, the Near East and the Indo-Pakistan subcontinent.

The key elements of an effective food security system must be a new food aid convention and a network of nationally held but internationally co-ordinated reserve stocks which can be used promptly to remedy any critical situation.

# Australian wool export plan dropped

BY OUR COMMODITIES STAFF

A PLANNED change in Australian wool marketing, to make the Australian Wool Corporation the sole exporter, has been dropped for the time being at least, it was announced yesterday, reports Reuter.

Mr. Alf Maiden, chairman of the Wool Corporation, said the "climate was not propitious" for going ahead with the scheme at present. He said there are obvious divisions of opinion amongst woolgrowers so the Corporation will not press the Government for a change to the proposed new marketing system.

Mr. Maiden said the AWC also considered the known views of the Australian Government and cited statements from Ministers suggesting they were not in favour of rapid implementation.

Woolgrowers are well off at present and believe there is no proof they will be better off if the plan is implemented, he added.

Thus the AWC feels there is no point in going further with the scheme and that pressing the proposals would be counter productive at this time, he said.

## BRITISH COMMODITY MARKETS

TIN—Easier following a fall in the Penang market. Forward metal opened at £7,320 and thereafter moved narrowly, dipping to £7,280 before rallying to close at £7,310 on the late kerb. Turnover 1,335 tonnes.

ZINC—Steady in line with other metals. After opening at £400, forward material edged up to £405 but encountered modest profit-taking which left the price at £404.5 on the late kerb. Turnover 5,900 tonnes.

| LEAD | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 567-8 | +10 | 569-70 | +4.5 |
| 3 months | 533-4 | +7 | 557-.5 | +4.75 |
| Sett'ment | 568 | +10 | — | ...... |
| U.S. Spot | — | ...... | *44 | ...... |

Three month Copper 1039.1-1047.9

Tax-free trading on commodity futures.

The commodity futures market for the smaller investor.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | Mar. 21 1979 | + or − | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £710 | ........ | £710 |
| Free Mkt (cs) | $1,500/20 | +4.00 | $1,475/95 |
| Copper | | | |
| Cash w'bar | £1022.5 | +12.0 | £1,011.5 |
| 3 mth „ | £1030.5 | +11.75 | £1,031.25 |
| Cash Cathode | £1015.5 | +10.5 | £1003.5 |
| 3 mth „ | £1032.5 | +10.0 | £1,023 |
| Gold troy oz. | $240.625 | −2.5 | $250.375 |
| Lead cash | £569.5 | +4.5 | £516.5 |
| 3 mth | £557.25 | +4.75 | £496.25 |
| Nickel | £2523,14 | ........ | £2,520.88 |
| Freemkt(cif)(lb) | 225/35c | +2.5 | $155/210c |
| Platin'm tr'y oz | £164.5 | ........ | £164.5 |
| Free mkt | £196 | ........ | £210.95 |
| Quicksil'ver | $250/60 | +2.5 | $220/30 |
| Silver troy oz | 362.5p | +1.65 | 390.88p |
| 3 months | 371.9p | +1.85 | 402.95p |
| Tin cash | £7,375 | −42.5 | £7,240 |
| 3 mths | £7285 | −40.0 | £7,162.5 |
| Tungsten | $137.51 | ........ | $127.94 |
| Wolfrm 22.04 cif | $138/43 | ........ | $132/40 |
| Zinc cash | £392.25 | +1.75 | £407 |
| 3 months | £404.25 | +1.75 | £420.75 |
| Producers | $800 | ........ | $800 |
| **Oils** | | | |
| Coconut (Phil) | $1,012.5v | ........ | $1,000 |
| Groundnut | ‡ | | ‡ |
| Linseed Crude | £435 | ........ | £425 |
| Palm Malayan | $664r | ........ | $709 |
| **Seeds** | | | |
| Copra Philip | $660y | ........ | $685 |
| Soyabean (U.S.) | $317.85r | ........ | $315 |
| **Grains** | | | |
| Barley Futures | £95.45 | +0.4 | £94 |
| Maize | | | |
| French No 3 Am | £109 | ........ | £109 |
| Wheat | | | |
| No. 1 Red Spg. | ‡ | | ‡ |
| No2HardWint. | £90.5 | +0.5 | £90.25 |
| Eng. Milling † | £103.5* | ........ | £96.5 |
| **Other commodities** | | | |
| Cocoa ship't | £1,708 | +18.0 | £1,785 |
| Future May | £1,567.5 | −12.0 | £1,758.5 |
| CoffeeFt'r May | £1,426 | −6.0 | £1,359.5 |
| Cotton A'index | 75.5c | −0.25 | 76.95c |
| Rubber kilo | 59.75p | +0.25 | 62p |
| Sugar (Raw) | £103.5 | −1.0 | £108 |
| Wooltp's 64s kl | 290p | ........ | 274p |

* Nominal. † New crop. ‡ Unquoted. p April-May. q May-June. r May. s June-July. t April-June. v March-April. w April. x Per ton. z Indicator. § Buyer.

## AMERICAN MARKETS

NEW YORK, March 20.

ROTTERDAM—March 1.

U.S. No. 2 Dark Hard Winter wheat 13.5 per cent not offered. U.S. Hard Winter wheat ordinary not offered. U.S. No. 2 Red Winter wheat June $147, July $143, Aug. $145. U S. No. 2 Northern Spring wheat 14 per cent May $152.25, June $149, July $148.

Maize—U.S. No. 3 Corn Yellow AFL

Soyameal—44 per cent protein. U.S. March $241, April $240, May $241, April-Sept. $239, traded AFL $242, March $241, April $240, May $240, April-Sept. $240. Nov.-March $238.50, sellers Brazil AFL $244, March $244, April-May $246, Nov.-March $248.

## EUROPEAN MARKETS

## INDICES

### FINANCIAL TIMES

| Mar. 20 | Mar. 19 | M'nth ago | Year ago |
|---|---|---|---|
| 273.83 | 273.19 | 269.56 | 232.92 |

(Base: July 1, 1952=100)

### MOODY'S

| Mar. 20 | Mar. 19 | M'nth ago | Year ago |
|---|---|---|---|
| 1064.9 | 1064.6 | 1043.3 | 897.6 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | Mar. 20 | Mar. 19 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 381.04 | 380.98 | 382.56 | 355.53 |
| F'tur's | 385.46 | 385.02 | 381.79 | 342.51 |

(Average 1924-25-26=100)

### REUTERS

| Mar. 21 | Mar. 20 | M'nth ago | Year ago |
|---|---|---|---|
| 1564.2 | 1559.2 | 1550.8 | 1401.7 |

(Base: September 18, 1931=100)

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 75 tonnes, bringing the total for the week so far to 282 tonnes. Very little interest was displayed in securing more supplies, and business was at a low ebb. Only scattered buying was reported in South American and similar styles.

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.80-£4.60, codlings £3.20-£3.80; large haddock £4.00, medium £3.20-£3.50; large plaice £3.00-£3.40, medium £3.00-£3.40. best small £2.80-£3.60; large skinned dogfish £11.30, medium £10.00; large lemon soles £8.50, medium £7.50; saithe £2.00-£2.40.

# Soviet timber offer oversubscribed

The 100,000 cubic metres of softwood offered to importers last week by the Soviet state selling organisation, Exportles, has been over-subscribed and sellers are likely to top up with a small additional quantity. But this will not meet applications in full.

COFFEE | SUGAR | GRAINS | SILVER | COCOA | RUBBER | COFFEE | SOYABEAN MEAL | WOOL FUTURES | MEAT/VEGETABLES

# Election fever takes a firm hold and 30-share index jumps 10.2 to 515.8 but Gilts lose early sparkle

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Mar. 12 | Mar. 22 | Mar. 23 | Apr. 3 |
| Mar. 26 | Apr. 5 | Apr. 6 | Apr. 18 |
| Apr. 9 | Apr. 19 | Apr. 20 | May 1 |

* "New time" dealings may take place from 9.30 am two business days earlier.

Election fever took a firmer hold in stock markets yesterday on the eve of the Prime Minister's statement in the Commons on the devolution issue, the essence of which could materially affect the existence of the Government.

Once again, the Gilt-edged sector led the upsurge and were initially showing fresh gains to almost a point. More overseas support of sterling and buying of Government stocks found the latter market increasingly short of supplies and it was only profit-taking by domestic holders, some of whom were raising funds for today's tap applications, which subsequently pared and finally erased the gains completely.

Indications that the institutions still had sufficient funds in reserve for investment in good-class equities caused leading industrialists to rally from a slightly hesitant opening. The upturn accelerated noticeably during the afternoon and professional operators were exuding confidence then about an early general election.

The closing tone in the equity sectors was the strongest of the day and the FT 30-share index jumped 10.2 to 515.8—within 20 points of the 1978-79 high. Gains in the index constituents ranged to 20, the movements in Tube Investments following annual figures well in excess of best expectations; altogether, seven index constituents scored double-figure improvements with John Brown outstanding again.

Last-minute theories about today's tap stock applications—late last night it was suggested that these might be considerably less and at lower tender prices than originally thought—led to some restraint in Gilt-edged. The announcement later concerning today's television broadcast by Mr. Callaghan further unsettled sentiment and long-dated quotations finally surrendered gains of ¼ to close unchanged on the day.

A similar trend at the shorter end of the market saw early widespread gains of ⅛ reduced by profit-taking to only the occasional ⅛. Minimum Lending Rate was expected to stay at 13 per cent today.

Sustained selling brought rates for investment down sharply. The business was fairly general and it found buyers very timid because of the continued firmness of sterling coupled with unfounded reports of a pending relaxation in exchange control regulations. Recoveries were short-lived and the premium closed 8¼ points weaker at the day's lowest of 65¼ per cent. Yesterday's SE conversion factor was 0.7625 (0.7330).

## Home Banks better

The major clearing banks reversed the recent downward drift and recovered all of the previous day's falls of 6p. Merchant banks however, lacked support and Kleinwort Benson eased 2 to 116 while Leopold Joseph shed 10 to 170p. Overseas banks were adversely affected by the weaker dollar premium; ANZ relinquished 30 to 300p, Bank of New South Wales 15 to 249p and Hongkong and Shainghai 18 to 264p.

Insurances rallied from easier opening levels to display moderate gains by the close, but London and Manchester put on 6 to 142p in response to satisfactory annual results.

Another quiet day's trading left Brewery leaders a shade easier. The interim profits from Arthur Bell dissappointed and the shares gave up 13 to 179p. Also reporting half-time figures, Mathew Clark touched 162p before closing a net 2 off at 158p.

Building issues picked up after a hesitant start and final quotations were several pence up on balance. Blue Circle finished 8 to the good at 96p, while Redland added 5 to 201p and London Brick 2 to 76p. BPB and Tunnel B both improved 4 to 289p and 320p respectively. Demand ahead of the annual results due on April 5 lifted F. J. C. Lilley 7 to 83p. Comben hardened a penny to 37p, after 38p, on the preliminary figures, while Royco found support at 51p, up 2. Craig and Rose picked up 20 more to 970p in a nominal market on persistent bid rumours.

ICI sustained a moderate interest and firmed 11 to 397p and Fisons picked up 7 to 315p, while persistent demand in a thin market lifted Brent 11 for a three-day gain of 23 to 273p.

## Gussies firm

Store leaders closed in a buoyant mood following a heavy, if sporadic business. Gussies A featured with a rise of 10 to 382p. Debenhams closed 5 better at 95p and Marks 3 up at 105p. Waring and Gillow firmed 4 to 150p, after 152p, on the interim profits increase and the company's proposal to lift the dividend by 25 per cent if Treasury permission is obtained.

GEC were actively traded and pushed ahead to close around the day's best of 384p, up 11, while demand was again forthcoming for EMI which advanced 6 to 130p. Some others of the recent Electrical favourites returned to favour, particularly in the latter part of the trading session. Suter stood out in smaller-priced issues with an improvement of 2½ to 29p.

Tubes featured the Engineering leaders with a jump of 20 to 418p in response to preliminary results well above best market estimates. Still reflecting a recent favourable Press mention, John Brown pushed ahead further to close 19 up at a 1978-79 peak of 525p. Among the more modest movements, Hawker firmed 6 to 230p and GKN 4 to 268p. Helped by the announcement that the NEB is to acquire for approximately £5.5m a substantial part of Vickers Offshore Engineering Group, Vickers firmed 5 to 188p. Weir Group advanced 9 to 105, the disappointing annual results being outweighed by the increased final dividend and the confident statement on the outlook. Glynwed were supported and put on 6 to 115p, while others to attract support included Simon Engineering, 310p, and Acrow "A," 79p, both around 4 higher. Satisfactory trading statements left Molins, 160p, and Banro Consolidated, 73p, up 2 and a penny respectively.

Foods featured Tate and Lyle which firmed 8 to 154p with the aid of an investment recommendation. J. Bibby at 355p, regained 18 of the previous day's fall of 33 that stemmed from the chairman's bid denial. In Supermarkets, J. Sainsbury hardened 3 to 303p, but Bejam eased 5 to 72p despite the higher interim profits and the Board's optimism.

In Hotels and Caterers, Ladbroke, annual results April 5, firmed 8 to 13p and Trust Houses Forte added 4 to 327p.

## SUITS feature

Scottish and Universal Investments featured with a rise of 30 to 189p in response to the cash and share exchange offer worth 181p from Lonrho, while House of Fraser, in which SUITS has a near 30 per cent stake, advanced 8 to 176p; Lonrho shaded a penny to 81p. Leading miscellaneous Industrials made a strong showing, Beecham advancing 17 to 700p and Glaxo 15 to 567p. Metal Box closed 8 to the good at 322p. Elsewhere, Rockware Group contrasted with a fall of 8 to 122p on disappointment with the preliminary results, while Lawtex, down 10 more at 77p, continued to reflect lower interim figures and the warning on profit margins. Hepworth Ceramic, however, responded afresh to the good annual results and gained 3½ more to 96½p. ICL were good at 500p, up 16, while Alpine Holdings encountered fresh demand and put on 6 to 103p. On the other hand, Toye eased 3 to 87p following the announcement that JB Hayward had sold its 15 per cent stake in the company.

Down 3½ the previous day awaiting the interim results, Howard and Wyndham rallied 1½ to 23p on the higher profits and proposed scrip issue in preference shares. Elsewhere in the Leisure sector, Coral found support at 125p, up 6.

Notable movements among Motor sectors were mainly confined to special situations. Wilmot Breeden firmed 3½ to 94½p on the rejection of the suggested 95p per share offer from Rockwell. Armstrong Equipment hardened 1½ to a 1978/79 peak of 70½p following the satisfactory mid-term profits. Among Distributors, British Car Auctions closed 7½ to the good at 85½p on renewed hopes of a bid, while H. and J. Quick added 2 to 43p in front of today's preliminary results.

Inveresk continued to be depressed by the poor profits and dividend cut, losing 3 for a two-day fall of 17 at 45p.

Firm conditions returned to the Property sector where Land Securities rallied 6 to 286p and MEPC 4 to 176p. British Land were again wanted at 65½p, up 2.

## Oils active

Oils enjoyed an active trading session, but showed little in the way of price movements at the close. Among the leaders, British Petroleum touched 1,096 before settling at 1,092p, unaltered on the day, but Shell edged up 5 to 705p. In contrast, a sharp reaction in the dollar premium prompted marked dullness in Royal Dutch which gave up 1¾ to £42¾.

Losses were fairly widespread throughout the Trust sector. Among Financials, however, S. Pearson firmed 6 to 262p and Kellock rose 3 to 76p.

Shippings presented a narrowly mixed appearance.

Knitting wool manufacturers Sirdar jumped 10 to 119p on the 67 per cent rise in interim profits and the company's confidence about current trading. Hugh Mackay also pleased with their preliminary results added 2 to 51p.

The Tobacco market calmed down after Tuesday's frenetic activity caused by the £154m placing of Bats shares by Imperial. The latter hardened a fraction to 103p, while Bats, at 322p, picked up 2 of the previous day's drop of 30 and the Deferred also hardened 2, to 314p.

Guthrie rose 8 to 518p as a reasonable business developed following the failure of Sime Darby's appeal to the Takeover panel; Sime eased 3 to 93p.

## Heavy falls in Golds

A further heavy fall in the investment currency premium was responsible for widespread and substantial losses in overseas mining issues.

The gold share market, although quiet, came under additional pressure from overnight U.S. selling which reflected the uninspiring outcome to Tuesday evening's U.S. Treasury gold auction.

Share prices were marked down at the outset and thereafter tended to lose ground with the premium. The Gold Mines index dropped 9.0 to 158.6—its lowest level since January 19, while the ex-premium index gave up 2.0 to 120.9.

South African Financials moved similarly to Golds. De Beers dropped 18 to 412p—a three-day decline of 38—while General Mining fell 23 to 455p and Anglo American 17 to 345p.

London-registered Financials, however, moved ahead in line with the trend in UK equities. Rio Tinto-Zinc were also helped by a rise in the copper price and rose 6 to 304p in fairly active trading.

There was a heavy shake-out in the Australian market as the weaker trend in overnight Sydney and Melbourne markets was followed by fairly considerable selling of the more speculative issues.

Of the latter, Ashton Mining dropped 11 to 82p, Samantha 5 to 47p and North West Mining a similar amount to 34p.

In the quality stocks, Conzinc Riotinto and MIM Holdings were both around 18 lower at 278p and 232p respectively while Western Mining gave up 12 to 172p, the last named despite further encouraging results from the Wilga prospect and news of the discovery of another orebody in the same region as Wilga.

## OPTIONS

**DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Mar. 20 | Apr. 2 | Jne. 14 | Jne. 26 |
| Apr. 3 | Apr. 17 | Jne. 28 | Jul. 10 |
| Apr. 18 | Apr. 30 | Jul. 12 | Jul. 24 |

*For rate indications see end of Share Information Service*

Active trading developed in the option market with calls recorded in Woolworth, Cons. Gold Fields, Lonrho, Johnson Group Cleaners, House of Fraser, P & O, Allebone, Hawtin, EMI, Peachey, Bowater, Spillers, Tesco, Town and City, Bridgend, Sirdar, Keyser Ullmann, Singlo, Harrisons Malaysian Estates, Grand Met., Edgar Allen Balfour, British Land, Montague L. Meyer, Status Discount, Reo Stakis, Kleinwort Benson, Comfort International, London Brick, Bambers, Selcast, Inveresk, UBM, SUITS and UDT. No puts were dealt, but double options arranged included Status Discount, Spillers, Lonrho, Premier Oil and Montague L. Meyer.

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 8 | — | 74 |
| Corpns. Dom. and Foreign Bonds | 28 | 5 | 33 |
| Industrials | 312 | 362 | 845 |
| Financial and Prop. | 74 | 124 | 311 |
| Oils | 6 | 14 | 18 |
| Plantation | 4 | 10 | 18 |
| Mines | 5 | 103 | 31 |
| Recent Issues | 9 | 3 | 16 |
| Totals | 446 | 621 | 1,346 |

## FINANCIAL TIMES STOCK INDICES

| — | March 21 | March 20 | March 19 | March 16 | March 15 | March 14 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 72.54 | 72.56 | 71.53 | 71.65 | 71.06 | 72.29 | 75.44 |
| Fixed Interest | 73.35 | 72.92 | 72.25 | 72.22 | 71.91 | 72.66 | 78.34 |
| Industrial | 515.8 | 505.6 | 509.7 | 510.9 | 502.7 | 509.9 | 462.6 |
| Gold Mines | 158.6 | 167.6 | 169.6 | 169.7 | 166.3 | 166.5 | 152.6 |
| Gold Mines (Ex $ pm) | 120.9 | 122.9 | 125.4 | 121.8 | 119.1 | 119.4 | 105.4 |
| Ord. Div. Yield | 5.49 | 5.60 | 5.55 | 5.54 | 5.58 | 5.48 | 5.83 |
| Earnings Y'ld % (full) | 14.57 | 14.89 | 14.76 | 14.75 | 14.40 | 14.22 | 17.23 |
| P/E Ratio (net) (*) | 8.74 | 8.55 | 8.63 | 8.65 | 9.04 | 9.15 | 8.15 |
| Dealings marked | 6,004 | 7,299 | 5,711 | 6,891 | 7,032 | 8,251 | 5,826 |
| Equity turnover £m. | — | 401.16 | 94.60 | 128.68 | 112.94 | 119.35 | 85.19 |
| Equity bargains total | — | 27,166 | 23,379 | 21,230 | 22,647 | 26,024 | 14,997 |

10 am 504.7. 11 am 508.9. Noon 509.1. 1 pm 510.1. 2 pm 512.5. 3 pm 513.6.

Latest Index 01-246 8026.

* Nil = 8.43.

Basis 100 Govt. Secs. 15/10/26. Fixed int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| — | 1978/9 High | 1978/9 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt Secs. | 78.58 (5/1/78) | 64.64 (8/2/79) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 81.27 (9/1/78) | 65.77 (12/2/79) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 535.5 (14/9/78) | 433.4 (2/3/78) | 549.2 (14/9/77) | 49.4 (26/6/40) |
| Gold Mines | 206.6 (14/8/78) | 124.1 (29/11/78) | 442.3 (22/5/75) | 43.5 (26/10/71) |
| Gold Mines (Ex $ pm) | 152.3 (14/8/78) | 90.3 (18/4/78) | 337.1 (3/4/74) | 54.3 (25/6/76) |

## S.E. ACTIVITY

| | March 21 | March 20 |
|---|---|---|
| Daily | | |
| Gilt Edged | 124.6 | 152.9 |
| Industrials | 220.1 | 270.5 |
| Speculative | 34.2 | 42.6 |
| Totals | 136.7 | 166.1 |
| 5-d'y Av'r'ge | | |
| Gilt Edged | 128.1 | 129.6 |
| Industrials | 241.3 | 251.1 |
| Speculative | 40.1 | 43.4 |
| Totals | 149.0 | 158.3 |

## NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

### NEW HIGHS (93)

BEERS (2): Bulmer (H. P.), Morland

BUILDINGS (6): Brown & Jackson, Bryant Hldgs., Glossop (W. & J.), Lilley (F. J. C.), Redland, Royco

CHEMICALS (4): Allied Colloids, Brent Chemic., Rentokil, Stewart Plastics

STORES (6): GUS A, Greenfields, House of Lerose, Marks & Spencer, Polly Peck, Waring & Gillow

ELECTRICALS (5): Brocks, Electrocomponents, Electronic Rentals, Racal Electronics, Suter Electrical

ENGINEERING (12): Banro Cons., Brown (J.), Burgess Products, Crown House, Elliott (E.), McKechnie Bros., Molins, Newman Tonks, Pratt (F.), Simon Eng., Swan Hunter, Wood (S. W.)

FOODS (4): Banks (Sidney C.), Morrison (W.), Northern Foods, Sainsbury (J.)

HOTELS (1): Trust Houses Forte

INDUSTRIALS (20): Alpine Hldgs., Central Mfg., Denbyware, Halma, Hanson Trust, Harris (P.), Initial Services, Johnson Cleaners, Kalamazoo, Lonsdale Universal, Manch. Ship Canal, Office & Elect., Sangers, Scapa Group, Scot. & Univ. Inv., Securicor, Sketchley, Smith Inds., Trelleg, Wade Potteries

INSURANCE (2): Equity & Law, Refuge

LEISURE (4): Anglia TV A, HTV N-V, Hawley Leisure, LWT A

MOTORS (5): Abbey Panels, Armstrong Eqpt., Brit. Car Auctions, Nelson David, Tate of Leeds

NEWSPAPERS (2): Internatl. Thomson, Routledge Keg. Paul

PAPER (3): Culter Guard, McCorquodale, Waddington

PROPERTY (3): Bellway, British Land, City Offices

SHOES (1): Turner (W. & E.)

TEXTILES (2): Mackay (Hugh), Nottingham Mfg.

TRUSTS (5): Anglo-Int. Inv. Asset, Debenture Corp., Pearson (S.), Kellock, Do. Conv. Ln.

OVERSEAS TRADERS (1): Berisford (S. & W.)

RUBBERS (1): Sungei Krian

TEAS (1): McLeod Russel

MINES (3): Mincorp, Beralt Tin, Southern Malayan

### NEW LOWS (10)

AMERICANS (1): CBS

BUILDINGS (1): Jarvis (J.)

ENGINEERING (1): Braithwaite

INDUSTRIALS (4): Borg-Warner, Martin-Black, Talbex, Trans. Union

PAPER (1): Inveresk

TEXTILES (1): Stoddard A

MINES (1): Oakbridge

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1978-79 high | 1978-79 low |
|---|---|---|---|---|---|---|
| GEC | 25p | 14 | 384 | +11 | 385 | 233 |
| Shell Transport | 25p | 12 | 705 | + 3 | 716 | 484 |
| Beecham | 25p | 11 | 700 | +17 | 726 | 581 |
| BP | £1 | 11 | 1,092 | — | 1,120 | 720 |
| Distillers | 50p | 9 | 246 | + 1 | 251 | 163 |
| ICI | £1 | 9 | 397 | +11 | 421 | 328 |
| Marks & Spencer | 25p | 9 | 105 | + 3 | 105 | 67½ |
| BAT Inds. | 25p | 8 | 322 | + 2 | 382 | 260 |
| Lonrho | 25p | 8 | 81 | − 1 | 88 | 55 |
| Tate & Lyle | £1 | 8 | 154 | + 8 | 218 | 133 |
| Barclays Bank | £1 | 7 | 430 | + 6 | 438 | 296 |
| Lloyds Bank | £1 | 7 | 320 | + 6 | 328 | 242 |
| Scot. Univ. Inds. | 25p | 7 | 189 | +30 | 189 | 85 |
| Ultramar | 25p | 7 | 288 | + 2 | 302 | 182 |
| Unilever | 25p | 7 | 636 | +10 | 640 | 478 |

APPOINTMENTS

# Group chief for Redman Heenan

Mr. V. J. Osola has been appointed group chief executive of REDMAN HEENAN INTERNATIONAL from August 13. Meanwhile, he has joined the RHI Board in a non-executive capacity.

Mr. Osola is currently a divisional director of Pilkington Brothers and technical director of the Triplex Safety Glass Company, part of the Pilkington Group, a position he has held for over six years. He joined the group in 1965 as chief engineer of Fibreglass, eventually becoming director and general manager of the reinforcements division and chairman of Fibreglass Pilkington, Bombay. Prior to joining Pilkington, Mr. Osola spent several years in design, development and project engineering with Lankro Chemicals, Procter and Gamble, and C. A. Parsons.

Mr. W. E. Butler, production director of Triplex, will assume responsibility for technical coordination when he joins the Board on August 1 in succession to Mr. Osola.

★

Lord Limerick has accepted the invitation of Mr. John Smith, Trade Secretary, to become chairman of the BRITISH OVERSEAS TRADE BOARD from May 7. He will succeed Sir Frederick Catherwood. Lord Limerick has been an executive director of merchant bankers Kleinwort Benson since 1967. Since 1975 he has been a member of BOTB and chairman of the committee for Middle East trade. He is a vice-president of the Association of British Chambers of Commerce, having been president from 1974 to 1977. From April 1972 until the general election in February 1974 he served as Parliamentary Under Secretary of State for Trade.

★

PILKINGTON has made the following changes to the Board of the Safety Glass Europe division: Mr. J. M. Pashley, managing director of Triplex Safety Glass Company, now also becomes managing director of the Safety Glass Europe division. Mr. J. W. E. Helliwell, director and general manager of the Triplex Aircraft and Special Products division, has joined the Board with special responsibility for product diversification. Mr. R. K. McCabe, financial director of Triplex, is elected to the Board with responsibility for financial control, while Mr. G. Ullner, managing director of Scanex, the Pilkington Swedish subsidiary, joins the Board with responsibility for strategic planning.

★

Mr. Terry Llewellyn has been appointed financial and commercial director at the WANSBROUGH PAPER COMPANY in succession to Mr. Michael Heskin, who has been made divisional financial director at REED AND SMITH HOLDINGS. Mr. Stefan Kay has been made managing director and chief executive of NEW TAPLOW PAPER MILL in place of Mr. Paul Justice, who has left that company. The companies are members of the St. Regis International Group.

★

Mr. H. Frank Dean, who joined SHELVOKE AND DREWRY in 1971 as chief engineer, has been appointed technical director. He succeeds Mr. Tom W. Tillson, who has retired from that position but remains on the Board in an advisory capacity. The company is a subsidiary of the Butterfield-Harvey Group.

★

Mr. R. F. M. Passaway has been appointed managing director of Bowater Cartons, Mr. R. A. J. Webb, managing director, Bowater Flexible Packaging, Mr. K. D. Walker, managing director, Bowater Foil and Paper Products, and Mr. W. H. Moran, managing director, Bowater Liquid Packaging. Mr. C. K. J. Bowmer becomes director of finance and Mr. J. Fox director of personnel, Bowater Consumer Packaging. Mr. P. A. Spetch has been made managing director, Bowater Drums, and Mr. M. J. Bale, managing director, Bowater Sacks. Mr. G. F. Reeve is now personnel director of Bowater Containers. Mr. P. C. S. Hodgson is finance director of that company and Mr. F. W. Mayer joins the Board.

★

The Secretary for Industry has appointed Mr. Ronald Halstead and Mr. Alastair Morton as part-time members of the BRITISH STEEL CORPORATION for terms of three years. Lord Gregson has been re-appointed a part-time member for a further three years. Mr. Halstead is a managing director of the Beecham Group and chairman of Beecham Products. Mr. Morton is a managing director of the British National Oil Corporation. Lord Gregson was appointed to the Corporation in 1976. He is an executive director of Fairey Holdings and deputy chairman of Fairey Engineering. Over the past few months Mr. James Diamond, Sir James Menter and Sir James Woodeson have retired from the Board on the expiry of their terms of appointment.

★

THOMSON REGIONAL NEWSPAPERS has made the following appointments: Mr. Ray G. E. Mitchell, general manager, Western Mail and Echo; Mr. Joe A. Logan, an assistant managing director of Newcastle Chronicle and Journal; Mr. John S. Rees, assistant managing director, Evening Post-Echo; and Mr. Victor R. Morea and Mr. Ralph C. M. Frost, assistant managing director, Thames Valley Newspapers. All the new position will be taken up after this month.

★

The marine department of AMERICAN INTERNATIONAL UNDERWRITERS (LONDON) has taken over management of the oil rig department, under Mr. J. Kearney as director. Mr. R. C. Nixon, marine deputy underwriter, will be responsible for day-to-day operations.

★

Mr. Ronald Jones, previously chief accountant of North West Fibres, has been elected a director of the parent company, ALLCAPE.

★

Mr. Neville Taylor, director of information at the Department of the Environment, has taken over as director of information in the DEPARTMENT OF HEALTH AND SOCIAL SECURITY in succession to Mr. John Groves, who is now director general, Central Office of Information.

## LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 29, 1978, in the principal equity sections of the F.T. Actuaries Share Indices. It also contains the Gold Mines Index.

| | | | |
|---|---|---|---|
| Mining Finance | +27.37 | Consumer Goods (Durable) Group | +12.66 |
| Overseas Traders | +25.66 | Engineering Contractors | +12.62 |
| Food Retailing | +24.46 | Electricals | +12.57 |
| Property | +22.70 | Office Equipment | +21.21 |
| Oils | +22.07 | Other Groups | +11.47 |
| Wines and Spirits | +21.15 | Capital Goods Group | +10.79 |
| Stores | +20.93 | Packaging and Paper | +10.66 |
| Merchant Banks | +20.36 | Food Manufacturing | +10.32 |
| Electronics, Radio and TV | +19.25 | Pharmaceutical Products | +10.23 |
| Gold Mines FT | +18.45 | Chemicals | + 9.47 |
| Entertainment and Catering | +18.31 | Breweries | + 9.05 |
| Building Materials | +16.89 | Insurance Brokers | + 8.94 |
| Banks | +16.53 | Contracting and Construction | + 8.45 |
| Financial Group | +16.13 | Hire Purchase | + 7.93 |
| Newspapers and Publishing | +15.58 | Mechanical Engineering | + 7.08 |
| Consumer Goods (Non-durable) Group | +15.47 | Metal and Metal Forming | + 7.07 |
| Tobaccos | +15.24 | Shipping | + 4.87 |
| All-Share Index | +15.21 | Motors and Distributors | + 2.97 |
| Insurance (Composite) | +14.97 | Household Goods | + 2.80 |
| 500 Share Index | +14.49 | Textiles | + 2.46 |
| Insurance (Life) | +14.38 | Toys and Games | + 1.36 |
| Investment Trusts | +14.06 | | |
| Industrial Group | +13.09 | | |
| Discount Houses | +13.08 | | |

† Percentage changes based on Tuesday, March 20, 1979 indices.

## LONDON TRADED OPTIONS

| Option | Ex'rc'se price | April Closing offer | April Vol. | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 1000 | 100 | 11 | 142 | — | 156 | — | 1095p |
| BP | 1100 | 18 | 20 | 82 | — | 90 | — | " |
| BP | 1150 | 7 | 7 | 45 | — | 62 | — | " |
| Com. Union | 160 | 13 | 5 | 15 | 5 | 18 | — | 171p |
| Com. Union | 180 | 2½ | — | 7 | 1 | 11 | — | " |
| Cons. Gold | 180 | 44 | — | 45 | 5 | 48 | — | 219p |
| Cons. Gold | 220 | 10 | 75 | 21 | 56 | 27 | — | " |
| Courtaulds | 100 | 10½ | — | 14 | — | 15½ | 5 | 108p |
| Courtaulds | 110 | 4 | 1 | 7 | 55 | 10 | — | " |
| Courtaulds | 120 | 1½ | — | 3½ | 65 | 6½ | 50 | " |
| GEC | 330 | 60 | 5 | 75 | 5 | 85 | 5 | 384p |
| GEC | 360 | 33 | 44 | 55 | 70 | 62 | — | " |
| GEC | 390 | 12 | 50 | 35 | 21 | 46 | 1 | " |
| Grand Met. | 120 | 22½ | 4 | 26 | — | 30½ | — | 141p |
| Grand Met. | 130 | 13 | 7 | 21 | 1 | 23 | 2 | " |
| Grand Met. | 140 | 6½ | 61 | 13½ | 1 | 17½ | 9 | " |
| Grand Met. | 160 | 1 | — | 6 | 1 | 9 | — | " |
| ICI | 360 | 39 | 9 | 55 | 18 | 63 | — | 396p |
| ICI | 390 | 14 | 65 | 32 | 8 | 41 | 5 | " |
| ICI | 420 | 2½ | — | 15 | 10 | 24 | — | " |
| Land Secs | 260 | 29 | 5 | 38 | 16 | 46 | — | 286p |
| Land Secs | 280 | 12½ | 5 | 25 | — | 31 | — | " |
| Land Secs | 300 | 4½ | 5 | 15 | 11 | 21 | 7 | " |
| Marks & Sp | 80 | 24 | — | 25 | 20 | 29 | 5 | 103p |
| Marks & Sp | 100 | 7 | 15 | 12 | 15 | 13½ | — | " |
| Marks & Sp | 110 | 3 | 52 | 7 | 35 | 9½ | — | " |
| Shell | 600 | 110 | 1 | 125 | — | 140 | — | 705p |
| Shell | 700 | 16 | 4 | 48 | 1 | 60 | 1 | " |
| Shell | 750 | 5 | 13 | 25 | 23 | 35 | 12 | " |
| Totals | | | 421 | | 420 | | 102 | |
| | | **May** | | **August** | | **November** | | |
| Boots | 200 | 28 | — | 33 | 45 | 39 | — | 219p |
| Boots | 220 | 12½ | 6 | 18½ | — | 27 | — | " |
| Boots | 240 | 4½ | 2 | 11 | 5 | 17 | — | " |
| EMI | 110 | 28 | 10 | 30 | — | 32 | — | 130p |
| EMI | 120 | 19 | 16 | 22 | — | 25 | 8 | " |
| EMI | 130 | 12½ | 27 | 17 | 1 | 21 | 1 | " |
| EMI | 160 | 2½ | — | 6 | 5 | — | — | " |
| ImperialGp | 90 | 15½ | 3 | 19½ | 2 | 19½ | — | 103p |
| ImperialGp | 100 | 7½ | 100 | 11 | 18 | 13 | — | " |
| ImperialGp | 110 | 2½ | — | 5½ | 97 | 7½ | — | " |
| RTZ | 280 | 34 | 5 | 46 | — | 59 | — | 304p |
| RTZ | 300 | 24 | 8 | 35 | — | 48 | — | " |
| RTZ | 330 | 11 | 17 | 22 | 1 | 29 | — | " |
| Totals | | | 185 | | 172 | | 9 | |

## RECENT ISSUES

### EQUITIES

| Issue Price p: | Amount Paid Up | Latest Renunc. Date | 1978/79 High | 1978/79 Low | Stock | Closing Price p: | + or − | Div. Amount | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ‡95 | F.P. | — | 194 | 150 | ‡‡Appl. Computer | 190 | ...... | 0.7 | 11.0 | 0.6 | 23.4 |
| 65 | F.P. | 20/2 | 173 | 68 | Caledonian Hldgs. | 167 | −1 | b7.3 | 1.6 | 6.5 | 14.2 |
| ** | F.P. | 16/2 | 157 | 118 | Hunting Assoc. Defd. | 157 | +2 | — | — | — | — |
| ** | F.P. | 9/2 | 41 | 31 | M. Y. Dart Defd. | 38 | ...... | — | — | — | — |
| 95 | F.P. | 20/4 | 117 | 97 | Sedgwick F.New10p | 116 | +2 | T5.0 | 2.1 | 6.4 | 10.8 |

## FIXED INTEREST STOCKS

| Issue Price | Am'unt Paid up | Latest Renunc. Date | 1978/79 High | 1978/79 Low | Stock | Closing Price | + or − |
|---|---|---|---|---|---|---|---|
| ‡ | F.P. | 23/2 | 85p | 55p | Chepstow Race's 5% Cnv. Uns. Ln.1988 | 85p | ...... |
| £96 | £20 | — | 20¾ | 19½ | ICFC 12½% Uns Ln 1992 | 20¾ | +½ |
| ** | £10 | 27/7 | 13¾ | 12 | Lee Valley Water 8% Red. Prf. 1986 | 13¾ | +¼ |
| 98 | F.P. | 14/6 | 99½ | 97¼ | Mid-Southern Water 8% Red. Pref1984 | 99½ | ...... |
| ** | — | 9/3 | 103p | 95p | Shaw Carpets 10% 2nd Cum. Pref.£1 | 105p | ...... |

## "RIGHTS OFFERS"

| Issue Price p: | Am'unt Paid up | Latest Renunc. Date ● | Latest Renunc. Date ■ | 1978/9 High | 1978/9 Low | Stock | Closing prices p: | + or − |
|---|---|---|---|---|---|---|---|---|
| 125 | F.P. | 9/2 | 23/3 | 171 | 151 | Baker Perkins | 152 | +1 |
| 115 | Nil | 30/3 | 20/4 | 41pm | 32pm | Brammer (H.) | 38pm | ...... |
| 60 | F.P. | 6/3 | 27/4 | 86 | 66 | Burco Dean | 80 | ...... |
| 88 | Nil | 30/3 | 27/4 | 29pm | 21pm | Cement-Roadstone | 21pm | −3 |
| 220 | F.P. | 14/2 | 6/4 | 292 | 238 | Haslemere Estates | 288 | +4 |
| 33 | F.P. | 22/3 | 4/5 | 42 | 38 | Hirst & Mallinson | 40 | ...... |
| 185 | F.P. | 23/3 | 18/5 | 235 | 210 | Johnson Matthey | 225 | +6 |
| 67 | F.P. | 7/3 | 20/4 | 109 | 74½ | Macpherson (D) | 101 | ...... |
| 58 | F.P. | 26/2 | 26/3 | 67 | 60 | Montfort | 67 | +3 |
| 225 | F.P. | 12/3 | 20/4 | 286 | 232 | Rank Org. | 280 | ...... |
| 59 | Nil | 23/3 | 19/5 | 20pm | 14pm | Redman Heenan | 18pm | −2 |
| 27 | F.P. | 14/3 | 25/4 | 37 | 35 | Sekers Intl | 35½ | ...... |
| 315 | F.P. | 12/3 | 2/4 | 386 | 243 | Taylor Woodrow | 376 | +2 |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

**EQUITY GROUPS & SUB-SECTIONS**

Figures in parentheses show number of stocks per section

| No. | Group | Wed., March 21, 1979 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 33%) | Est. P/E Ratio (Net) | Tues., Mar. 20 Index No. | Mon., Mar. 19 Index No. | Fri., Mar. 16 Index No. | Thurs., Mar. 15 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (172) | 259.22 | +1.4 | 15.67 | 5.18 | 8.65 | 255.61 | 257.11 | 257.39 | 254.50 | 201.16 |
| 2 | Building Materials (27) | 240.11 | +1.0 | 16.11 | 5.57 | 8.47 | 237.72 | 238.26 | 239.07 | 232.87 | 182.73 |
| 3 | Contracting, Construction (28) | 390.92 | +0.7 | 19.98 | 5.22 | 6.97 | 388.19 | 389.06 | 389.10 | 383.56 | 318.31 |
| 4 | Electricals (14) | 618.66 | +2.4 | 12.48 | 3.06 | 11.00 | 604.21 | 610.95 | 613.77 | 605.57 | 424.66 |
| 5 | Engineering Contractors (12) | 398.78 | +0.5 | 16.97 | 5.69 | 7.97 | 396.96 | 397.86 | 396.44 | 394.77 | 284.39 |
| 6 | Mechanical Engineering (75) | 196.37 | +1.2 | 16.84 | 5.66 | 7.91 | 194.12 | 194.91 | 194.44 | 194.18 | 160.28 |
| 8 | Metals and Metal Forming (16) | 172.76 | +1.3 | 16.17 | 8.49 | 8.29 | 170.62 | 171.90 | 171.90 | 170.85 | 151.61 |
| 11 | CONSUMER GOODS (DURABLE) (53) | 235.00 | +0.7 | 15.26 | 4.59 | 8.74 | 233.38 | 233.28 | 233.35 | 229.84 | 186.52 |
| 12 | Lt. Electronics, Radio, TV (16) | 314.49 | +0.7 | 12.32 | 3.35 | 11.38 | 312.33 | 311.86 | 311.81 | 304.95 | 223.80 |
| 13 | Household Goods (12) | 170.52 | −0.3 | 17.40 | 6.42 | 7.94 | 170.99 | 169.53 | 166.83 | 166.64 | 166.10 |
| 14 | Motors and Distributors (25) | 124.24 | +0.9 | 20.92 | 6.78 | 5.98 | 123.12 | 123.56 | 124.15 | 123.71 | 114.04 |
| 21 | CONSUMER GOODS (NON-DURABLE) (170) | 240.86 | +0.9 | 14.57 | 5.41 | 9.00 | 238.63 | 241.60 | 242.03 | 239.59 | 194.27 |
| 22 | Breweries (14) | 252.61 | +0.1 | 15.12 | 5.95 | 8.39 | 252.41 | 255.52 | 255.55 | 254.43 | 227.82 |
| 23 | Wines and Spirits (6) | 341.25 | −0.3 | 13.62 | 4.37 | 10.79 | 342.22 | 347.71 | 347.05 | 340.25 | 249.60 |
| 24 | Entertainment, Catering (17) | 321.58 | +1.6 | 13.84 | 5.92 | 9.56 | 316.55 | 318.48 | 318.45 | 313.61 | 245.45 |
| 25 | Food Manufacturing (19) | 222.65 | +1.1 | 17.15 | 5.02 | 7.62 | 220.26 | 221.90 | 222.14 | 220.16 | 184.62 |
| 26 | Food Retailing (15) | 284.39 | +0.4 | 11.35 | 4.14 | 11.99 | 283.29 | 282.78 | 283.41 | 277.09 | 189.21 |
| 32 | Newspapers, Publishing (12) | 426.42 | +0.3 | 19.23 | 5.83 | 7.37 | 425.19 | 426.66 | 426.01 | 421.63 | 327.45 |
| 33 | Packaging and Paper (15) | 143.80 | −0.6 | 17.60 | 7.28 | 7.41 | 144.66 | 146.50 | 147.12 | 146.55 | 128.17 |
| 34 | Stores (40) | 233.96 | +1.9 | 10.47 | 4.07 | 13.67 | 229.48 | 231.11 | 231.86 | 229.78 | 182.06 |
| 35 | Textiles (23) | 183.23 | +0.2 | 17.67 | 8.31 | 7.34 | 182.77 | 183.71 | 183.87 | 182.15 | 168.48 |
| 36 | Tobaccos (3) | 272.50 | +0.6 | 20.91 | 7.55 | 5.49 | 270.92 | 285.09 | 286.06 | 284.09 | 231.88 |
| 37 | Toys and Games (6) | 92.91 | +0.2 | 23.88 | 6.99 | 4.94 | 92.70 | 93.07 | 92.97 | 93.28 | 101.52 |
| 41 | OTHER GROUPS (99) | 219.13 | +1.4 | 14.53 | 5.79 | 8.56 | 216.02 | 217.89 | 218.08 | 214.89 | 185.62 |
| 42 | Chemicals (18) | 307.74 | +2.1 | 16.32 | 6.37 | 7.17 | 301.33 | 304.91 | 306.01 | 301.23 | 257.83 |
| 43 | Pharmaceutical Products (7) | 273.19 | +2.1 | 10.17 | 4.28 | 11.93 | 267.56 | 269.72 | 270.32 | 265.80 | 241.35 |
| 44 | Office Equipment (6) | 144.15 | −0.2 | 14.02 | 5.64 | 8.99 | 144.43 | 145.53 | 146.06 | 145.72 | 129.02 |
| 45 | Shipping (10) | 427.79 | +0.4 | 14.14 | 7.11 | 8.97 | 425.97 | 430.09 | 425.68 | 420.84 | 435.81 |
| 46 | Miscellaneous (58) | 242.67 | +0.9 | 15.64 | 5.94 | 8.53 | 240.44 | 241.88 | 241.58 | 237.79 | 193.12 |
| 49 | INDUSTRIAL GROUP (494) | 247.34 | +1.2 | 14.89 | 5.38 | 8.78 | 244.51 | 246.69 | 247.01 | 244.09 | 199.84 |
| 51 | Oils (6) | 618.88 | +0.3 | 12.73 | 3.51 | 8.35 | 616.80 | 625.02 | 626.60 | 619.36 | 451.18 |
| 59 | 500 SHARE INDEX | 277.81 | +1.0 | 14.53 | 5.07 | 8.71 | 275.00 | 277.66 | 278.07 | 274.80 | 220.83 |
| 61 | FINANCIAL GROUP (115) | 197.01 | +1.1 | — | 5.13 | — | 194.93 | 196.50 | 197.50 | 194.70 | 166.51 |
| 62 | Banks (6) | 231.09 | +1.4 | 28.66 | 5.23 | 4.55 | 227.82 | 231.16 | 232.67 | 229.15 | 186.32 |
| 63 | Discount Houses (10) | 240.49 | −0.1 | — | 7.68 | — | 240.78 | 241.00 | 241.00 | 243.09 | 201.80 |
| 64 | Hire Purchase (5) | 175.50 | −0.6 | 18.27 | 5.03 | 7.03 | 176.68 | 177.06 | 177.90 | 178.71 | 153.88 |
| 65 | Insurance (Life) (10) | 153.39 | +0.7 | — | 6.16 | — | 152.28 | 152.85 | 152.89 | 151.45 | 140.96 |
| 66 | Insurance (Composite) (7) | 143.15 | +1.6 | — | 6.48 | — | 140.85 | 141.81 | 142.95 | 139.93 | 131.53 |
| 67 | Insurance Brokers (10) | 341.75 | +1.4 | 14.53 | 5.67 | 9.85 | 337.19 | 338.03 | 340.82 | 333.09 | 343.23 |
| 68 | Merchant Banks (14) | 92.05 | −1.2 | — | 5.64 | — | 93.16 | 93.88 | 94.06 | 93.91 | 76.95 |
| 69 | Property (43) | 331.60 | +1.1 | 3.35 | 2.46 | 47.38 | 328.12 | 329.49 | 330.82 | 326.67 | 236.95 |
| 70 | Miscellaneous (10) | 121.17 | −0.8 | 18.65 | 6.53 | 6.67 | 122.14 | 124.14 | 123.65 | 123.32 | 106.48 |
| 71 | Investment Trusts (111) | 229.64 | −0.7 | — | 4.77 | — | 231.31 | 232.49 | 232.27 | 231.32 | 184.29 |
| 81 | Mining Finance (4) | 129.93 | +0.7 | 14.47 | 5.48 | 8.51 | 128.97 | 131.13 | 130.01 | 127.49 | 98.73 |
| 91 | Overseas Traders (20) | 367.83 | — | 13.59 | 6.85 | 9.35 | 367.75 | 369.70 | 363.32 | 360.58 | 279.36 |
| 99 | ALL-SHARE INDEX (750) | 255.99 | +0.9 | — | 5.11 | — | 253.72 | 256.04 | 256.38 | 253.36 | 205.08 |

**FIXED INTEREST PRICE INDICES**

| | British Government | Wed., Mar. 21 | Day's change % | xd adj. today | xd adj. 1979 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 106.54 | +0.06 | — | 1.87 |
| 2 | 5-15 years | 118.82 | — | — | 1.39 |
| 3 | Over 15 years | 123.58 | — | — | 2.24 |
| 4 | Irredeemables | 132.77 | — | — | 1.78 |
| 5 | All stocks | 115.52 | +0.02 | — | 1.91 |

**FIXED INTEREST YIELDS** Br. Govt. Av. Gross Red.†

| | | | Wed., Mar. 21 | Tues., Mar. 20 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 8.91 | 8.92 | 7.65 |
| 2 | | 15 years | 10.51 | 10.50 | 9.92 |
| 3 | | 25 years | 11.36 | 11.36 | 10.45 |
| 4 | Medium Coupons | 5 years | 11.24 | 11.25 | 9.69 |
| 5 | | 15 years | 11.94 | 11.93 | 10.99 |
| 6 | | 25 years | 12.11 | 12.11 | 11.17 |
| 7 | High Coupons | 5 years | 11.66 | 11.66 | 9.96 |
| 8 | | 15 years | 12.40 | 12.40 | 11.75 |
| 9 | | 25 years | 12.54 | 12.53 | 12.06 |
| 10 | Irredeemables | | 11.14 | 11.14 | 10.31 |

| | | Wed., Mar. 21 Index No. | Wed., Mar. 21 Yield % | Tues. Mar. 20 | Mon. Mar. 19 | Fri. Mar. 16 | Thurs. Mar. 15 | Wed. Mar. 14 | Tues. Mar. 13 | Mon. Mar. 12 | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 56.43 | †13.15 | 56.46 | 56.44 | 56.33 | 56.33 | 54.87 | 54.68 | 54.68 | 61.05 |
| 16 | Investment Trust Prefs. (15) | 50.16 | 14.01 | 50.16 | 50.16 | 50.16 | 50.16 | 50.44 | 50.39 | 50.39 | 56.27 |
| 17 | Coml. and Indl. Prefs. (20) | 71.18 | 13.23 | 71.19 | 71.27 | 71.01 | 71.17 | 71.06 | 70.77 | 70.77 | 74.67 |

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

# AUTHORISED UNIT TRUSTS

**Minster Fund Managers Ltd.**
Minster Hse., Arthur St., EC4. 01-623 1050
Minster Mar. 12 ... 40.8 42.8 ... 5.89
Exempt Feb. 28 ... 104.9 108.9 ... 5.14

**MLA Unit Trust Mngmnt. Ltd.**
Old Queen Street, SW1A 9JG. 01-930 7333
MLA Units ... 54.5 57.3 ... 3.32

**Murray Johnstone U.T. Mgmt.♥ (a)**
163, Hope Street, Glasgow, G2 2UH. 041-221 5521
MJ European ... 78.9 84.0 ... 3.81
Dealing Day Friday.

**Mutual Unit Trust Managers♥ (a)(g)**
15, Copthall Ave., EC2R 7BU. 01-606 4803
Mutual Sec. Plus ... 55.1 58.6 -0.2 6.28
Mutual Inc. Tst ... 77.0 82.1 -0.7 7.06
Mutual Blue Chip ... 47.5 51.5 -0.3 6.33
Mutual High Yld. ... 61.3 65.4 +0.1 8.25

**National and Commercial**
31, St. Andrew Square, Edinburgh. 031-556 9151
Income March 15 ... 164.8 170.8 ... 5.79
(Accum. Units) ... 229.0 238.0 ... 5.79
Capt. March 15 ... 144.0 149.4 ... 3.15
(Accum. Units) ... 177.2 183.8 ... 3.15

**National Provident Inv. Mngrs. Ltd.♥**
48, Gracechurch St., EC3P 3HH. 01-623 4200
N.P.I. Gth Un Tst. ... 54.5 58.0 ... 4.40
(Accum. Units)* ... 67.7 72.1 ... 4.40
NPI O'seas. Trust ... 135.4 143.3 ... 2.20
(Accum. Units)** ... 146.5 155.1 ... 2.20
**Prices on Feb. 21. Next dealing March 29.
*Prices on March 14. Next dealing March 28.

**National Westminster♥ (a)**
161 Cheapside, EC2V 6EU 01-606 6060
Capital (Accum.) ... 74.0 79.5 -0.8 4.01
Extra Inc. ... 70.7 76.0 +0.1 7.89

**Provincial Life Inv. Co. Ltd.♥**
222, Bishopsgate, EC2 01-247 6533
Prolific Units ... 91.0 97.5 -0.7 3.09
High Income ... 141.1 151.2 +0.4 6.70

**Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)**
Holborn Bars, EC1N 2NH 01-405 9222
Prudential ... 144.0 153.0 -0.5 4.43

**Quilter Management Co. Ltd.♥**
The Stk. Exchange, EC2N 1HP. 01-600 4177
Quadrant Gen. Fd. ... 125.3 130.6 ... 3.73
Quadrant Income ... 140.1 144.5 ... 7.68

**Reliance Unit Mgrs. Ltd.♥**
Reliance Hse., Tunbridge Wells, Kt. 0892 22271
Opportunity Fd. ... 72.3 77.3 ... 5.60
Sekforde T. (Acc.) ... 47.9 51.2 -0.1 5.19
Sekforde T. Inc. ... 45.8 49.0 ... 5.19

**Ridgefield Management Ltd.**
38-40, Kennedy St., Manchester 061-236 8521
Ridgefield Int. UT ... 93 100 ... 2.45
Ridgefield Income ... 97.0 104.0 ... 6.85

**Rothschild Asset Management (g)**
72-80, Gatehouse Rd., Aylesbury. 0296 5941
N.C. Equity Fund ... 186.1 197.9 -0.7 3.42
N.C. Engy. Res. Tst. ... 121.3 129.0 ... 2.29
N.C. Income Fund ... 164.1 174.5 -1.1 7.08
N.C. Intl. Fd. (Inc.) ... 85.0 90.4 -1.9 2.03
N.C. Intl. Fd. (Acc.) ... 86.1 91.5 -2.0 2.03
N.C. Smllr. Covs Fd. ... 185.5 197.7 ... 3.90

**Rowan Unit Trust Mngt. Ltd.♥ (a)**
City Gate Hse., Finsbury Sq., EC2. 01-606 1066
American March 15 ... 68.0 71.5 ... 1.35
Securities March 20 ... 202.0 212.0 ... 4.04
High Yield March 16 ... 58.0 60.9 ... 8.50
(Accum. Units) ... 84.7 89.0 ... 8.50
Merlin March 21 ... 88.8 93.3 +0.8 3.70
(Accum. Units) ... 111.7 117.3 +1.0 3.70

**Royal Tst. Can. Fd. Mgrs. Ltd.**
54, Jermyn Street, S.W.1. 01-629 8252

# INSURANCE AND PROPERTY BONDS

# OFFSHORE AND OVERSEAS FUNDS

**Alexander Fund**
37, rue Notre-Dame, Luxembourg.
Alexander Fund ... $US7.23 +0.04 —
Net asset value March 21.

**Allen Harvey & Ross Inv. Mgt. (C.I.)**
1, Charing Cross, St. Helier, Jsy., C.I. 0534-73741
AHR Gilt Edg. Fd. ... £11.61 11.62 ... 12.01

**Arbuthnot Securities (C.I.) Limited**
P.O. Box 284, St. Helier, Jersey. 0534 76077
Cap. Tst. (Jersey) ... 126 130 ... 3.85
Next dealing date April 3.
Gov't Secs. Tst. ... 95.0 98.5 +0.5 12.69
Next dealing March 22.
East & Intl. Tst. (CI) ... 98 105 ... 3.94
Next dealing date March 22.

**Australian Selection Fund NV**
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney
US$1 Shares ... $US1.48 ... —
Net asset value November 24.

**Bank of America International S.A.**
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income ... US$111.08 111.56 ... 8.29
Prices at March 15. Next sub. day March 21.

**Banque Bruxelles Lambert**
2, Rue De la Regence B 1000 Brussels
Renta Fund LF ... 1,914 1,973 +1 8.08

**Barbican Managers (Jersey) Ltd.**
P.O. Box 63, St. Helier, Jersey 0534 74806
Barb. Int. Fund ... 92.3 97.2 ... 2.50

**Barclays Unicorn Int. (Ch. Is.) Ltd**
1, Charing Cross, St. Helier, Jsy. 0534 73741
Overseas Income ... 46.1 48.5 ... 12.60
Unidollar Trust ... $US11.45 12.05 +0.07 1.60
Unibond Trust ... US$103.67 104.60 ... 9.00

**Barclays Unicorn Int. (I.o.Man)**
1, Thomas St., Douglas, I.o.M. 0624 4856
Unicorn Aust. Ext. ... 54.0 58.1 ... 1.50
Do. Aust. Min. ... 38.6 41.6 ... 1.40
Do. Grtr. Pacific ... 73.4 79.0 -0.6 —
Do. Intl. Income ... 38.8 41.8 -1.7 8.40

**Keyser Ullmann Ltd.**
25, Milk Street, EC2V 8JE 01-606 7070
Fonselex ... Fr.1,355 1,487 ... 2.40
Bondselex ... Fr.119.75 125.75 -0.60 —
Cent. Assets Cap. ... £143.37 143.45 +0.12 —

**King & Shaxson Mgrs.**
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) ... 9.78 9.81 ... 11.75
Gilt Trust (I.o.M.) ... 110.2 113.1 ... 11.75
Gilt Fnd. Guernsey ... 9.94 9.97 +0.06 11.75
Intl. Govt. Secs. Tst.
First Sterling ... £20.07 20.09 ... —
First Intl. ... $US211.25 211.33 ... —

**Kleinwort Benson Limited**
20, Fenchurch St., EC3. 01-623 8000
Eurinvest. Lux. F. ... 1,068 ... 4.49
Guernsey Inc. ... 71.3 75.7 ... 2.94
Do. Accum. ... 89.4 94.9 ... 2.94
KB Far East Fd. ... US$13.56 ... 1.47
KB Gilt Fund ... £11.16 11.23 +0.02 11.60
KB Intl. Fund ... US$12.30 ... 1.86
KB Japan Fund ... $US35.51 ... 0.70
K.B. U.S. Gwth. Fd. ... US$12.52 ... 1.60
Signet Bermuda ... US$5.13 ... 1.75
K.B. Int. Bd. Fd. ... US$102.13 ... —

**Lloyds Bk. (C.I.) U/T Mgrs.**
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas ... 56.2 59.2 ... 1.62
Next dealing April 17.
Lloyds Trust Gilt ... £10.66 10.67 -0.04 12.00
Next dealing April 4.

**Lloyds Bank International, Geneva**
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth ... SF321.00 344.00 +4.50 1.30
Lloyds Int. Income ... SF291.50 303.0 +0.5 5.30

**Management International Ltd.**
Bank of Bermuda Building, Bermuda
C'bury March 16 ... US$27.69 ... —

**M & G Group**
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic March 20 ... US$3.14 3.43 ... —
Aust. Ex. March 14 ... $US2.50 2.85 ... —
Gold Ex. Acc. March 21 ... $US12.77 14.13 +0.09 —
Island ... 144.7 154.0 -0.2 13.66

**J.E.T. Managers (Jersey) Ltd.**
P.O. Box 98, Channel House, Jersey. 0534 73673
Jersey Extrnl. Tst. ... 163.0 174.0 ... —
As at Feb. 28. Next sub. day March 30.

**Jardine Fleming & Co. Ltd.**
46th Floor, Connaught Centre, Hong Kong
Jardine Estn. Tst. ... HK$305.14 ... 2.50
Jardine J'pn. Fd.* ... HK$390.81 ... 0.90
Jardine S.E.A. ... $US17.15 ... 2.10
Jardine Flem. Int. ... HK$12.40 ... —
Intl. Pac. Secs. (Inc.) ... HK$13.33 ... —
Do. (Accum.) ... HK$13.32 ... —
NAV March 15. *Equivalent US$82.76.

1, Charing Cross, St. Helier, Jsy. C1 0534 73741
CMF Ltd. Feb. 22 ... $US13.60 13.95 ... 2.90
CMT Ltd. Feb. 22 ... £13.90 14.26 ... 2.80
Merc. MnyMkt. Mar. 19 ... £10.56 10.57 ... —
Metals Tst. March 15 ... £14.90 15.27 ... 5.46
TMT March 8 ... $US10.59 10.87 ... 1.08
T.M.T. Ltd. Mar. 8 ... £10.93 11.21 ... 2.97

**World Wide Growth Management♦**
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $US16.91 +0.10 —

**Wren Commodity Trust**
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. ... 103.0 103.9 ... —

## NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ⁋ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

# FT SHARE INFORMATION SERVICE

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## COMMONWEALTH & AFRICAN LOANS

## LOANS

### Public Board and Ind.

### Financial

## FOREIGN BONDS & RAILS

| 1978-79 High | Low | Stock | Price £ | + or — | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 24 | 17 | Antofagasta Rly... | 22 | ...... | — | — |
| 41 | 33 | Do. 5pc Pref...... | 40 | ...... | — | — |
| 98 | 98 | Chilean Mixed..... | 98 | ...... | — | 13.10 |

## BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

S.E. List Premium 31% (based on US$2.0525 per £)
Conversion factor 0.7365 (0.7330)

## CANADIANS

S.E. List Premium 31% (based on $2.3734 per £)

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### CENTRAL AFRICAN

## INSURANCE

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### AUSTRALIAN

### TINS

### COPPER

### MISCELLANEOUS

## GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

| High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| $15¼ | $10¼ | Buffels R1 | $12⅞ | −¼ | Q190c | ϕ | 17.0 |
| $11⅝ | 830c | East Drie R1 | $10⅞ | −⅛ | Q115c | ϕ | 12.2 |
| 585c | 330c | East Rand Prp. R1 | 435c | ...... | Q10c | — | — |
| $28½ | $16½ | F.S. Geduld 50c | $21½ | −⅝ | Q315c | 2.4 | 16.8 |
| $15⅛ | 975c | Pres. Brand 50c | $13⅜ | −⅛ | Q150c | 3.2 | 12.9 |
| $14⅛ | 900c | St. Helena R1 | $13⅜ | −¼ | Q190c | 1.4 | 15.7 |
| 575c | 313c | Stilfontein 50c | 565c | −5 | Q66c | 2.3 | 13.4 |
| $24 | $16¼ | Vaal Reefs 50c | $23¼ | −⅞ | Q280c | ϕ | 13.8 |
| $37 | $25 | West Drie R1 | $32½ | −¼ | †Q385c | 1.7 | 13.6 |
| $31¼ | $19 | West Hldgs. 50c | $26 | −¼ | Q415c | 1.4 | 18.4 |
| $13 | 895c | Western Deep R2 | $11¾ | −¼ | Q147½c | 2.4 | 14.5 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| Stock | Price | + or − |
|---|---|---|
| Albany Inv. 20p | 26½ | ...... |
| Ash Spinning | 107 | ...... |
| Bertam | 27 | ...... |
| Bdg'wtr. Est. 50p | 360 | ...... |
| Clover Croft | 28 | ...... |
| Craig & Rose £1 | 970 | +20 |
| Dyson (R. A.) A | 35 | ...... |
| Ellis & McHdy | 69 | ...... |
| Evered | 26½ | +½ |
| Fife Forge | 54xd | ...... |
| Finlay Pkg. 5p | 20½ | ...... |
| Graig Ship. £1 | 150 | ...... |
| Higsons Brew | 80 | ...... |
| Holt (Jos) 25p | 269 | ...... |
| I.O.M. Stm. £1 | 176xc | −2 |
| Pearce (C. H.) | 203 | ...... |
| Peel Mills | 28 | +2 |
| Sheff. Refrshmt | 77 | ...... |
| Sindall (Wm.) | 120 | ...... |

### IRISH

| Stock | Price | + or − |
|---|---|---|
| Conv. 9% '80/82 | £91¼ | +⅞ |
| Alliance Gas | 110 | ...... |
| Arnott | 400 | ...... |
| Carroll (P.J.) | 110 | ...... |
| Clondalkin | 96 | ...... |
| Concrete Prods. | 93xc | +3 |
| Helton (Hldgs.) | 59 | ...... |
| Ins. Corp. | 180 | ...... |
| Irish Ropes | 105 | ...... |
| Jacob | 35 | ...... |
| T.M.G. | 240 | ...... |
| Unidare | 85 | ...... |

## OPTIONS

### 3-month Call Rates

| Industrials | | | | | |
|---|---|---|---|---|---|
| A. Brew | 7 | I.C.I. | 20 | Unilever | 55 |
| BOC Intl. | 6 | "Imps" | 9 | U.D.T. | 4 |
| B.S.R. | 8 | I.C.L. | 40 | Utd. Drapery | 10 |
| Babcock | 14 | Inveresk | 7 | Vickers | 17 |
| Barclays Bank | 32 | KCA | 4 | Woolworths | 6½ |
| Beecham | 52 | Ladbroke | 18 | **Property** | |
| Blue Circle | 18 | Legal & Gen. | 14 | Brit. Land | 5 |
| Boots | 18 | Lex Service | 9 | Cap. Counties | 7 |
| Bowaters | 18 | Lloyds Bank | 25 | E.P. | 3½ |
| B.A.T. | 28 | "Lots" | 5 | Intreuropean | 5 |
| Brown (J.) | 50 | London Brick | 7 | Land Secs. | 20 |
| Burton 'A' | 22 | Lonrho | 9 | MEPC | 15 |
| Cadburys | 5 | Lucas Inds. | 25 | Peachey | 13 |
| Courtaulds | 10 | "Mams" | 18 | Samuel Props. | 14 |
| Debenhams | 8 | Mrks. & Spncr | 9 | Town & City | 2 |
| Distillers | 21 | Midland Bank | 30 | **Oils** | |
| Dunlop | 6½ | N.E.I. | 14 | Brit. Petroleum | 70 |
| Eagle Star | 10 | Nat. West. Bank | 28 | Burmah Oil | 11 |
| E.M.I. | 14 | Do. Warrants | 15 | Charterhall | 3½ |
| Gen. Accident | 21 | P & O Dfd. | 8 | Shell | 48 |
| Gen. Electric | 32 | Plessey | 10 | Ultramar | 24 |
| Glaxo | 50 | R.H.M. | 5 | **Mines** | |
| Grand Met. | 12 | Rank Org. | 25 | Charter Cons. | 16 |
| G.U.S. 'A' | 30 | Reed Intnl. | 26 | Cons. Gold | 17 |
| Guardian | 24 | Spillers | 5½ | Rio T. Zinc | 27 |
| G.K.N. | 24 | Tesco | 6 | | |
| Hawker Sidd | 22 | Thorn | 22 | | |
| House of Fraser | £15 | Trust Houses | £27 | | |
| | | Tube Invest. | 30 | | |

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday March 22 1979



# Prince Hassan opposes U.S. peace bid

BY RAMI G. KHOURI IN AMMAN

JORDAN YESTERDAY rejected American efforts to turn a peace treaty between Israel and Egypt into a comprehensive Middle East peace settlement.

Jordan's Crown Prince Hassan, heir to the throne and King Hussein's closest adviser, indicated strongly that he would not support U.S. efforts to bring his country into talks over the future of the occupied West Bank.

Far from bringing peace nearer, he told the Financial Times, an Egyptian/Israeli treaty contained the seeds of regional instability and possible upheaval throughout the Arab world.

The Crown Prince, who has sat in on all top-level talks with the U.S., added that Jordan questioned whether the U.S. had really taken into account "the basic security concerns and fears, doubts and scepticism of those moderate Arab states whose backing the U.S. is soliciting."

Mr. Zbigniew Brzezinski, President Jimmy Carter's National Security Adviser, last week-end made an apparently unsuccessful attempt in Amman to persuade Jordan to back an Israeli/Egyptian peace treaty.

King Hussein yesterday held talks with Saudi Arabian leaders on concerted action by Arab states opposing a separate peace treaty.

Jordanian support for U.S. policy is crucial if President Carter hopes to broaden the Camp David accords to include negotiations on the future of the West Bank.

Arab Foreign Ministers are planning to meet in Baghdad next week to plan a campaign of opposition to the U.S. efforts in the Middle East.

Prince Hassan said Jordan thought the autonomy plan for the Palestinians of the West Bank and Gaza Strip showed that Israel really wanted, for its own security, to divide the occupied territories into three or four non-viable administrative units.

"The break-up of the Middle East into a mosaic of minorities is a real possibility," he said. "We can already see that there is no objection among the participants in the Camp David process to separating the Gaza Strip and Sinai from the rest of occupied Palestine, as well as there being no need to consider the status of occupied Arab Jerusalem."

Jordan saw "a fundamental incompatibility between the U.S. view of how Israel's security can be assured and the view of the vast majority of Arab States. The U.S. might be misreading the national interests of States such as Jordan when it assumes we can assure our own basic security and the basic security of other Arab States by going along with short-term plans geared to meet the security requirements of Israel.

Continued Israeli domination of the Palestinians in the occupied area would only accelerate the exodus of embittered and frustrated young Arabs, "an exodus that last year increased by a net 22,000 people," said Prince Hassan.

The exodus of embittered Palestinians contradicted Israeli claims that it feared Arab radicalism. "In fact it creates and exports it to the rest of the Arab world." he added.

The revolution in Iran suggested that other countries in the area would be unable to resist determined threats from ideologically motivated groups or ethnic minorities.

Fury in Knesset over text errors, Page 4

## Saudi call for total war

Saudi-Arabian newspapers papers yesterday called for an all-out Arab war against Israel to regain Jerusalem and other occupied Arab territories.

The outburst of editorial wrath followed a forceful statement in the Israeli Parliament the previous day by Mr. Begin, the Prime Minister, who said Israel would never accept the redivision of Jerusalem or relinquish its status as "Israel's eternal capital" and never withdraw to its pre-1967 borders.

A front-page editorial in Al Jezira called on all Arab States to prepare for a long and continuous war and to allow the Palestinian resistance to fight on all fronts "until they turn the occupied lands into a blazing inferno for the enemy."

# OECD may issue accounts standards

By Michael Lafferty

THE ORGANISATION for Economic Co-operation and Development, which includes the world's leading industrialised nations, is considering issuing accounting standards for multinational companies.

The move appears to be aimed at neutralising work underway at the United Nations in this area. Proposals being discussed would involve a big development of the existing OECD disclosure guidelines for multinationals.

The OECD's Committee on International Investment and Multinational Enterprises has established an Ad Hoc Working Group on Accounting Standards, which held its first meeting in November.

The group decided to study existing accounting requirements and practices in member states, a move which has involved the completion of a detailed questionnaire by the governments of the leading OECD nations, and other interested bodies such as the European Commission, and the International Accounting Standards Committee. The committee was established by the accounting bodies a few years ago specifically for the purpose of developing international accounting standards.

The indications are that the international accountancy profession will be reluctant to leave the task of setting standards to the OECD. The London-based committee's case will be put to the OECD group by Mr. John Grenside, senior partner of UK accountants, Peat Marwick Mitchell, at a meeting in Paris on April 4. He will ask the OECD not to take over the standards-setting function but instead to adopt and endorse the international accounting standards which the committee produces.

Some UK accountants see the OECD plan as an effort to resist work in the same area by the United Nations Commission on Transnational Corporations. A UN report proposing extensive accounting and disclosure rules for multinationals has already been severely criticised by the world's top companies.

Further UN activity in the field has been delayed for almost a year over disagreement between third world countries and the developed nations over numbers of a proposed new working party.

Professor N. T. Wang, the director of the UN centre's information analysis division, said yesterday he was aware of the OECD's plans. He believed their work should be considered "as a parallel to the UN's efforts."

The UN would continue its work on international accounting and reporting standards, and that had the backing of all member governments, he said.

# Ford Lorraine plant aid attacked

BY TERRY DODSWORTH IN PARIS

TWO BIG French motor manufacturers, Renault and PSA Peugeot-Citroen, have taken a joint stand against what they consider preferential treatment for the proposed Ford assembly plant at Lorraine.

Although details of the Ford negotiations are secret, the French Government is believed to be preparing to offer assistance for the project at a rate three times greater than allowed for factory developments at each of the French companies.

The plant is believed to cost about $1bn. Latest estimates suggest that the French authorities are willing to cover about a quarter in development assistance.

The disparity in the Government-support programmes is the main point taken up in talks between the chairmen of Renault and Peugeot and the Government. The Industry Ministry and M. Raymond Barre, Prime Minister, have been made aware of the strength of feeling in the companies.

The companies reaction places the French authorities in a difficult position. Renault, a State-owned group, has worked closely with the Government in the past, and both companies have contributed much to France's export drive and industrial re-development projects.

However, a decision by Ford in favour of Lorraine would give a considerable fillip to the Government's plans to create new employment in the area, which will suffer heavily from the rundown of its steel industry in the next few years.

To get the approval of Ford, which is also being courted by Austria and Portugal, the French must offer strong financial inducements.

The French companies are also worried about the possible effects of new Ford competition on their strong grip in their domestic market. They have questioned the extent to which the American company would support French suppliers.

The talks between Ford and the French authorities are expected to finish next month. Ford is likely to choose between France and Austria about then, since Henry Ford II, head of the group, is to meet M. Valery Giscard d'Estaing, the French President, next month.

At stake is an assembly plant employing about 8,000 men and creating many more jobs in components supply. Although the jobs would not materialise until about 1981, when a new Ford small saloon is to go into production, they would go far towards providing employment in Lorraine, where 12,000 redundancies are expected in the next two years.

David Marsh writes: Ford is seeking to build the plant to meet a shortfall in European car assembly capacity that it feels would otherwise occur in the early 1980s.

Negotiations on where the plant will be built have taken longer than expected, partly because of the late emergence of Portugal as a contender. However, Ford wants any decision confirmed by the main Board in Detroit by mid-year.

Late last year Spain was favourite to play host to the plant, but the Spanish Government showed only lukewarm enthusiasm.

# NEB fails to raise return on capital

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE NATIONAL Enterprise Board failed last year to raise its rate of return on capital employed above the 11.4 per cent achieved in 1977.

Sir Leslie Murphy, chairman of the board, said yesterday that this meant that a "substantial" improvement would have to be made in the next couple of years to meet targets set by the Government.

Speaking in London he warned that this could involve the NEB withdrawing its financial support "with the inevitable consequences of a closure" from companies where commercial viability could not be secured.

This warning, however, did not specifically cover BL, formerly British Leyland, and Rolls Royce Ltd. which are exempted from the Government's general requirement for the NEB to attain an overall 15 to 20 per cent rate of return by 1980-81.

Sir Leslie said he was "confident" that the NEB would meet the target and announced that subsidiaries in the computers and electronics field produced an overall return on capital "in excess of 20 per cent" in 1978.

The bulk of this is thought to have been provided by ICL which announced three months ago that its profits before tax for the year to last September had risen by nearly 24 per cent to £37.5m.

Other NEB companies covered by the 20 per cent overall result last year include Ferranti, which also contributed to the general profits, and companies like the INMOS micro chip venture which has yet to start production. Sir Leslie said that INMOS was making "very good progress" and that there had been more than 1,000 applications for the 50 staff vacancies at its planned technology centre in Bristol.

Sir Leslie also defended the NEB's controversial acquisition of Fairey Engineering at the end of 1977. He said that this company was now "revitalised" and announced that it had produced profits of £5m before tax in its first year of ownership under the NEB. This represented a return on the NEB's equity of "over 25 per cent."

These figures, which will be amplified when the NEB produces its annual report in six weeks' time, were produced by Sir Leslie during a general defence of the NEB at an American Chamber of Commerce lunch.

Speaking at a time when there is growing speculation that a future Conservative Government will severely trim the NEB's activities, Sir Leslie said that he hoped the winning party at the General Election would base its industrial policy "not on dogma but on an appreciation that the vast majority of people in this country want a middle-of-the-road policy."

The NEB should not be a "focus of controversy" but a "rallying point" for industrial success.

NEB backs underwater engineering group, Page 6

# U.S. companies' 'price gouging a threat to wage restraint'

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. GEORGE MEANY, the U.S. union leader, yesterday accused U.S. companies of "price gouging" and said that unless controls were placed on prices and profits the trades unions could not be expected to show restraint in wage demands.

Mr. Meany's hard line followed Tuesday's news that corporate profits in the final three months of last year were 26 per cent up on the same period of 1977 and 9.7 per cent higher than in the July to September quarter of last year.

But his comments also underline the U.S. Government's acute dilemma as it seeks to strengthen its anti-inflation programme while making far-reaching decisions on energy pricing.

President Jimmy Carter is tentatively scheduled to give a nationally televised address on energy policy next Thursday. But with the critical Teamsters wage negotiations then reaching their end-of-month deadline and with the February consumer price figures due out later this week, he may feel compelled to broaden his horizons and stake out new ground in the anti-inflation battle.

Some of the President's advisers are urging him to take a more active role in persuading companies and unions to show greater restraint, even, according to some reports, to the point of intervening in the Teamsters' talks.

While this course is fraught with difficulties, the soaring corporate profits are likely to result in presidential pressure on corporations, perhaps some further toughening of the voluntary price guidelines short of mandatory controls, and, for oil companies, some form of windfall tax or excess profits tax if it is decided to lift restrictions on domestic oil pricing either immediately or gradually.

These were options which were thrashed out on Monday at the Camp David meeting between the President and his senior advisers, although no definitive word has yet emerged on these deliberations. President Carter has raised with Congressional leaders the possibility of combining a phased freeing of domestic oil prices with either a wellhead or a windfall profits tax.

## Weather

UK TODAY

COLD everywhere with sunny intervals and showers of rain, hail or snow in all areas. Max 5C (41F).

**London, Midlands, E., S.E., Cent. S. England**

Sunny periods. Wintry showers, heavy at times.

**S.W. England, S. Wales, Channel Isles**

Rather cloudy at times. Wintry showers.

**N.W., Cent. N. England, Ulster, N. Wales, S.W., N.W. Scotland**

Sunny intervals with scattered snow showers.

**N.E. England, rest of Scotland**

Rather cloudy, occasional snow showers.

● **Outlook:** Sunny intervals and wintry showers becoming cloudy with occasional rain or snow over England and Wales.

### WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | C | 14 | 57 | Locarno | R | 6 | 43 |
| Algiers | R | 15 | 59 | London | S | 8 | 46 |
| Amsdm. | S | 9 | 48 | Luxmbg. | R | 7 | 45 |
| Athens | C | 20 | 68 | Luxor | S | 36 | 97 |
| Bahrain | S | 32 | 90 | Madrid | C | 9 | 48 |
| Barclna. | C | 18 | 64 | Majorca | C | 11 | 52 |
| Belfast | F | 0 | 32 | Malaga | F | 15 | 59 |
| Belgrd. | F | 18 | 64 | Malta | S | 18 | 64 |
| Berlin | F | 9 | 48 | Mchstr. | Sn | 3 | 37 |
| Biarritz | S | 12 | 54 | Melbne. | S | 20 | 68 |
| Bmghm. | C | 5 | 41 | Mex. C. | S | 21 | 69 |
| Blackp'l | Sn | 1 | 34 | Milan | C | 12 | 54 |
| Bordx | R | 8 | 46 | M'ntreal | S | 9 | 48 |
| Boulgn. | F | 5 | 41 | Moscow | C | —2 | 28 |
| Bristol | F | 4 | 39 | Munich | F | 11 | 52 |
| Brussels | C | 9 | 48 | Nairobi | S | 23 | 73 |
| Budpst. | C | 15 | 59 | Naples | F | 15 | 59 |
| B. Aires | S | 20 | 67 | Nwcstl. | C | 5 | 41 |
| Cairo | S | 34 | 93 | N. York | S | 11 | 52 |
| Cardiff | Sn | 1 | 34 | Nice | R | 11 | 52 |
| Cas'b'ca | F | 15 | 59 | Oporto | C | 11 | 52 |
| Cape T. | C | 20 | 68 | Oslo | C | 1 | 34 |
| Chicago | S | 5 | 41 | Paris | C | 9 | 48 |
| Cologne | C | 11 | 52 | Perth | C | 23 | 73 |
| Conhgn. | C | 1 | 34 | Prague | F | 11 | 52 |
| Dublin | C | 4 | 39 | Reykjvk. | S | —7 | 19 |
| Dbrvnk. | F | 15 | 59 | Rio J'o | S | 30 | 86 |
| Ednbgh. | Sn | 0 | 32 | Rome | F | 17 | 63 |
| Faro | S | 16 | 61 | Salzb'rg | C | 13 | 55 |
| Florence | C | 12 | 54 | Singapr. | S | 29 | 84 |
| Frankf't | C | 10 | 50 | Stckhm. | C | 1 | 34 |
| Funchal | C | 16 | 61 | Strasb'g | C | 8 | 46 |
| Geneva | C | 7 | 45 | Sydney | C | 28 | 82 |
| Gibrltr. | S | 15 | 59 | Tangier | F | 15 | 59 |
| Glasgow | S | 0 | 32 | Tehran | S | 16 | 60 |
| G'rnsey | F | 7 | 45 | Tel Aviv | S | 22 | 72 |
| Helsinki | C | —2 | 28 | Tenerife | F | 15 | 59 |
| H. Kong | C | 19 | 66 | Tokyo | C | 9 | 48 |
| Innsbrk. | F | 13 | 55 | Toronto | S | 11 | 52 |
| Invrnss. | C | 2 | 36 | Tunis | S | 21 | 70 |
| Istanbul | F | 19 | 66 | Valencia | F | 16 | 61 |
| Jersey | F | 7 | 45 | Venice | C | 8 | 46 |
| Jo'burg | C | 26 | 78 | Vienna | C | 13 | 55 |
| L. Plms. | C | 20 | 68 | Warsaw | F | 8 | 46 |
| Lisbon | F | 13 | 55 | Zurich | C | 9 | 48 |

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Continued from Page 1

## Gilts

of nearly a point had been cut to half a point on profit-taking.

In the foreign exchange market, the pound lost all its earlier gains as the trade-weighted index closed unchanged at 64.9 after a day's high of 65.1, while the pound ended 10 points down against the dollar at $2.0315 after a low of $2.0290 and a high of $2.0390.

Dealers reported that the Bank of England probably intervened in both directions during the day in order to reduce fluctuations—especially as there had been strong early demand.

Continued from Page 1

## Marshall quits P & O

months, but he had wanted to see whether the new managerial structure would work out.

"I have been with this company for 31 years. This is a very sad day indeed for me," he said.

The first public indication of the group's financial problems came with its half-year results in September, when it reported pre-tax profits of £1.12m against £26.9m in the same period of 1977. P & O's end-year results are expected in six weeks.

The biggest financial drain has been the recently-acquired £160m fleet of four liquid petroleum gas-tankers, the market for which is in profound recession.

In the long term, said Mr. Marshall, this investment and that in energy were capable of showing good returns. The company now had a versatile, modern fleet, and although the shipping industry was bound to diminish because of a range of international pressures, prospects for P & O ships were good.

Mr. Marshall, who is also a non-executive director of Commercial Union Insurance and Tube Investments, said he would take a break before deciding on his next move. He retains no professional links with the shipping world.

Other Board changes at P & O announced yesterday are: Mr. Harry Spanton, 58, formerly chairman of the passenger cruising division, becomes a managing director with additional responsibility for all leisure interests and for subsidiaries in Australia and New Zealand; Mr. Oliver Brooks, formerly finance director, also becomes a managing director; and Mr. Malcolm Paris, 45, chairman of the Bovis property subsidiary, joins the main P & O Board.

## THE LEX COLUMN

# Tubes rides the consumer boom

Tube Investments can thank its consumer goods businesses and its accountants in roughly equal measure for an advance which has taken 1978 pre-tax profits to £80m, compared with the £55.2m which it published for 1977. Real progress has been made in domestic appliances, where pre-interest profits jumped from £3.8m to £8m, and there was recovery plus in cycles which turned in £8.3m against £5m. The cosmetic element comes from the consolidation of British Aluminium for the full year although it was only a subsidiary for the final three months. On the same basis TI would have shown £68.9m for 1977, so the overall comparable gain is just short of a fifth. This aggregate advance disguises a virtual standstill in the group's major product areas — steel tube, aluminium and engineering — which between them improved just £1m to £65.8m.

The story in these capital goods areas continues to be one of sluggish demand and fierce international competition. Still, the tube side seems to have avoided any repitition of earlier industrial troubles, like the first half's Desford plant shutdown, and managed to win export business to Europe and the U.S. which improved plant loading. In engineering the problems centred on the industrial electrical side, whereas elsewhere there was an improvemnt—with machine tol profits up £1m., for instance, to roughly £3m.

In the circumstances the heavy end of the group has performed well—a point emphasised by the Hyde inflation-adjusted figures which show a 40 per cent pre-tax advance (they still fail to reach half the level of historical cost profits, but at least the dividend is now covered by Hyde earnings). The trouble is that conditions are not likely to be much easier this year, and profits growth is going to be hard to achieve: fortunately the shares yield a solid 8.6 per cent at 418p.

### British Aluminium

Tubes and the British public did themselves a good turn when they bought out Reynolds Metals' 48 per cent holding in British Aluminium last autumn at 755p a share. The price is now £10½, and the prospects are promising. As forecast, 1978 profits are only marginally higher at £25.1m, pre-tax, but this compares very well with other European competitors. Alcan (UK) slumped from £24.7m to under £11m and made a small loss in current cost terms, whereas BA's inflation adjusted figures rose from £10.4m to £12.2m, comfortably covering the dividend.

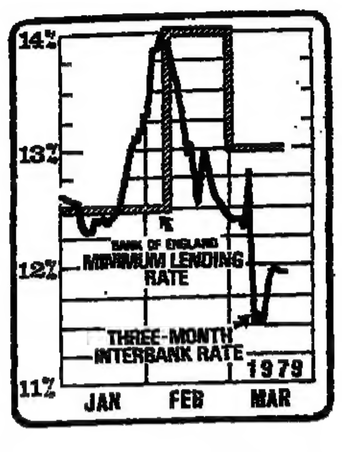
One source of BA's stability is its chemicals and magnesium business, which accounts for nearly a fifth of profits. And whereas Alcan had to bear the cost of labour problems and production changes, a major shutdown at BA's Invergordon smelter was adequately covered by insurance. But the biggest difference seems to be that BA managed to hold its selling prices firm in a weak market place.

The transport dispute has got the current year off to a bad start, and BA's interim figures are likely to be flat. Thereafter, the hope is that the current marked strength in input prices will start to be reflected in the prices of semi-fabricated products. Demand is still not particularly strong in the UK, but imports account for two-fifths of consumption in some product groups. So the home market is not insulated from the international scene—where the balance of supply and demand is clearly moving in the smelter's favour. BA has a strong balance sheet and a dividend yield of 7½ per cent, and the promised share split should help to keep the bulls happy.

### Gilt-edged

This morning's issue of a Government stock by tender, whatever the intentions of the authorities, seems likely to increase the tendency for stockbrokers to live dangerously. The choice of strategy in applying for the stock depends on watching what everyone else is doing, which may mean, even more than last month, leaving it to the last minute.

Index rose 10.2 to 515.8




Applications began to accumulate in brokers' offices as the market closed last night, but it did not look as though the stock, Exchequer 12¼ per cent 1999, would be oversubscribed. At its minimum price of £97.50 it is a pound or so cheaper than the market, and logically it should be oversubscribed with a cut-off point of £98.25 or £98.50. If logic fails and it is not fully subscribed, then all allotments will be made at the minimum price—so at the very least it should be worthwhile putting in a cheap bid.

This seemed to be proving the most popular strategy last night. But the stags, whose will has perhaps been sapped by the proud boast that the issue is stag-proof, were not enthusiastic: nervousness about political events overshadowed the price anomaly. The new stock may not be dealt in until tomorrow, and today sees two Prime Ministerial statements and a set of money supply statistics. The risk of a fall in the market today may outweigh the chance of a premium when the stock is first traded tomorrow.

### Thomas Tilling

Already producing everything from ready mixed concrete to ladies tights, Thomas Tilling is half way through its biggest ever acquisition spree which is intended to produce roughly a fifth of group profits from North America by the 1980s. So it is rather hard to pass judgment on its current performance until the dust has settled.

Helped by a £2.8m contribution from acquisitions and by particularly strong growth at the builders' merchanting and electrical wholesaling operations, Tilling's pre-tax profit rose by a fifth to £64.9m in 1978, on a sales gain of 27 per cent to above £1bn. To put this performance in perspective, Hanson Industries and BET, both with sales of just over £600m, made pre-tax profits of £26.1m and £67.1m respectively in their last financial years.

Of course not much can be learned from such crude comparisons since all three operate in so many different sectors. At least Tilling seems to have a clear idea of the markets it want to be in and its acquisition strategy is not being pursued regardless of cost. It has pulled out of a few planned acquisitions already because the price was not right. Meanwhile shares, which have been a good run over the last year, yield 4.9 per cent at 146p.



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